

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D. C. 20549

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**FORM 8-K**

**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

**December 31, 2012**

Date of Report (Date of earliest event reported)

**ABBVIE INC.**

(Exact name of registrant as specified in its charter)

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<b>Delaware</b> (State or other Jurisdiction of Incorporation)	<b>001-35565</b> (Commission File Number)	<b>32-0375147</b> (IRS Employer Identification No.)
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**1 North Waukegan Road  
North Chicago, Illinois 60064**

(Address of principal executive offices)(Zip Code)

Registrant's telephone number, including area code: **(847) 932-7900**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 1.01. Entry Into a Material Definitive Agreement.**

On November 28, 2012, AbbVie Inc. ("AbbVie") entered into a separation and distribution agreement with Abbott Laboratories ("Abbott"), pursuant to which Abbott agreed to transfer its research-based pharmaceuticals business to AbbVie (the "Separation") and distribute 100% of the outstanding stock of AbbVie to the Abbott shareholders in a tax-free distribution (the "Distribution"). The Distribution was made on January 1, 2013 to Abbott shareholders of record as of the close of business on December 12, 2012. As a result of the Distribution, AbbVie is now an independent public company trading under the symbol "ABBV" on the New York Stock Exchange.

In connection with the Separation and Distribution, on December 31, 2012, AbbVie entered into various agreements with Abbott to provide a framework for AbbVie's relationship with Abbott after the Separation and Distribution, including the following agreements:

- a U.S. Transition Services Agreement;
- an Ex-U.S. Transition Services Agreement;
- a Tax Sharing Agreement;
- a Special Products Master Agreement;
- an Employee Matters Agreement;
- an International Commercial Operations Agreement;
- a Luxembourg International Commercial Operations Agreement;
- an Information Technology Agreement; and
- a Transitional Trademark License Agreement.

A summary of these agreements can be found in AbbVie's information statement, dated December 10, 2012 (the "Information Statement"), which is included as Exhibit 99.1 to this Form 8-K, under the section entitled "Certain Relationships and Related Person Transactions." These summaries are incorporated by reference into this Item 1.01 as if restated in full. The description of those agreements set forth under this Item 1.01 is qualified in its entirety by reference to the complete terms and conditions of those agreements, which are attached hereto as Exhibits 10.1, 10.2, 10.3, 10.4, 10.5, 10.6, 10.7, 10.8, and 10.9.

**Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers**

On December 31, 2012, the Board of Directors of AbbVie (the "Board") expanded its size from three directors to nine directors, effective as of immediately prior to 12:01 a.m., Eastern Time, on January 1, 2013 (the "Effective Time"). Each of Richard A. Gonzalez, the Chairman and Chief Executive Officer of AbbVie, Robert J. Alpern, M.D., Roxanne S. Austin, William H.L. Burnside, Edward M. Liddy, Edward J. Rapp, Roy S. Roberts, and Glenn F. Tilton were elected as a director of AbbVie, effective as of immediately prior to the Effective Time. Thomas C. Freyman and Greg W. Linder, who had been serving as members of the Board, ceased to be directors of AbbVie effective as of immediately prior to the Effective Time. Frederick H. Waddell, who had been elected to the Board effective November 29, 2012, remains on the Board and will continue to serve as a director of AbbVie following the Distribution. Biographical information on each of the directors elected to the Board, as well as on Frederick H. Waddell, can be found in AbbVie's Information Statement under the section entitled "Management—Board of Directors Following the Separation," which is incorporated by reference into this Item 5.02.

As a result of the elections and resignations described above, the Board of AbbVie is currently constituted into three classes, as follows:

- Class I:* William H.L. Burnside, Edward J. Rapp, and Roy S. Roberts are appointed to serve in the first class of directors of the Board whose term expires at AbbVie's 2013 annual meeting of stockholders;
- Class II:* Robert J. Alpern, M.D., Edward M. Liddy, and Frederick H. Waddell are appointed to serve in the second class of directors of the Board whose term expires at AbbVie's 2014 annual meeting of stockholders; and
- Class III:* Roxanne S. Austin, Richard A. Gonzalez, and Glenn F. Tilton are appointed to serve in the third class of directors of the Board whose term expires at AbbVie's 2015 annual meeting of stockholders.

Also effective as of immediately prior to the Effective Time:

- Mr. Gonzalez (Chair), Ms. Austin, and Messrs. Liddy, Roberts, and Tilton were appointed to serve as members of the Executive Committee of the Board;
- Ms. Austin (Chair) and Messrs. Burnside and Rapp were appointed to serve as members of the Audit Committee of the Board. Mr. Waddell had already been appointed to serve as a member of the Audit Committee of the Board effective November 29, 2012 and will continue to serve in that capacity;
- Mr. Tilton (Chair), Dr. Alpern, and Messrs. Burnside and Roberts were appointed to serve as members of the Nominations and Governance Committee of the Board;
- Mr. Liddy (Chair), Ms. Austin, and Messrs. Tilton and Waddell were appointed to serve as members of the Compensation Committee of the Board;
- Mr. Roberts (Chair), Dr. Alpern, and Messrs. Liddy and Rapp were appointed to serve as members of the Public Policy Committee of the Board; and
- Mr. Tilton was appointed as the lead director of the Board.

Effective January 1, 2013, AbbVie assumed change in control agreements between Abbott and certain AbbVie officers, including Mr. Gonzalez and Ms. Schumacher, which provide certain benefits upon a qualifying termination of the officer's employment following a change in control of AbbVie. The terms of the agreements are described in AbbVie's Information Statement under the section entitled "Executive Compensation—Potential Payments on Termination or Change of Control," which is incorporated by reference into this Item 5.02.

**Item 5.03. Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year**

Effective as of 11:59 p.m., Eastern Time, on December 31, 2012, AbbVie amended and restated its Certificate of Incorporation (the "Amended and Restated Certificate of Incorporation") and its By-Laws (the "Amended and Restated By-Laws"). A description of the material provisions of the Amended and Restated Certificate of Incorporation and the Amended and Restated By-Laws can be found in AbbVie's Information Statement under the section entitled "Description of AbbVie's Capital Stock," which is incorporated by reference into this Item 5.03. The description set forth under this Item 5.03 is qualified in its entirety by reference to the full text of the Amended and Restated Certificate of Incorporation and the Amended and Restated By-Laws, which are attached hereto as Exhibits 3.1 and 3.2, respectively.

**Item 5.05. Amendments to the Registrant's Code of Ethics, or Waiver of a Provision of the Code of Ethics**

In connection with the Distribution, the Board adopted a Code of Business Conduct effective as of immediately prior to the Effective Time. A copy of AbbVie's Code of Business Conduct is available under the Investor Relations section of AbbVie's website at [www.abbvieinvestor.com](http://www.abbvieinvestor.com).

**Item 8.01. Other Events**

On January 2, 2013, AbbVie issued a press release announcing the completion of the Distribution and the start of AbbVie's operations as an independent company. A copy of the press release is attached hereto as Exhibit 99.2.

In connection with the Distribution, the Board adopted Corporate Governance Guidelines effective as of immediately prior to the Effective Time. A copy of AbbVie's Corporate Governance Guidelines is available under the Investor Relations section of AbbVie's website at [www.abbvieinvestor.com](http://www.abbvieinvestor.com).

In connection with the Distribution, the Board adopted director independence guidelines on December 31, 2012. A copy of AbbVie's director independence guidelines is available under the Investor Relations section of AbbVie's website at [www.abbvieinvestor.com](http://www.abbvieinvestor.com).

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits

<u>Exhibit No.</u>	<u>Exhibit</u>
3.1	Amended and Restated Certificate of Incorporation of AbbVie Inc.
3.2	Amended and Restated By-Laws of AbbVie Inc.
10.1	U.S. Transition Services Agreement, dated as of December 31, 2012, by and between Abbott Laboratories and AbbVie Inc.
10.2	Ex-U.S. Transition Services Agreement, dated as of December 31, 2012, by and between Abbott Laboratories and AbbVie Inc.
10.3	Tax Sharing Agreement, dated as of December 31, 2012, by and between Abbott Laboratories and AbbVie Inc.
10.4	Special Products Master Agreement, dated as of December 31, 2012, by and between Abbott Laboratories and AbbVie Inc.
10.5	Employee Matters Agreement, dated as of December 31, 2012, by and between Abbott Laboratories and AbbVie Inc.
10.6	International Commercial Operations Agreement, dated as of December 31, 2012, by and between Abbott Laboratories and AbbVie Inc.
10.7	Luxembourg International Commercial Operations Agreement, dated as of December 31, 2012, by and between Abbott Investments Luxembourg S.à.r.l. and AbbVie Investments S.à.r.l.
10.8	Information Technology Agreement, dated as of December 31, 2012, by and between Abbott Laboratories and AbbVie Inc.
10.9	Transitional Trademark License Agreement, dated as of December 31, 2012, by and between Abbott Laboratories and AbbVie Inc.
99.1	Information Statement of AbbVie Inc., dated December 10, 2012
99.2	Press release of AbbVie Inc. dated January 2, 2013

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**ABBVIE INC.**

Date: January 2, 2013

By:

/s/ WILLIAM J. CHASE

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William J. Chase  
*Executive Vice President, Chief Financial Officer*

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EXHIBIT INDEX

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**AMENDED AND RESTATED  
CERTIFICATE OF INCORPORATION  
OF  
ABBVIE INC.**

AbbVie Inc., a corporation organized and existing under the laws of the State of Delaware, pursuant to Sections 242 and 245 of the General Corporation Law of the State of Delaware, as it may be amended (the "DGCL"), hereby certifies as follows:

1. The name of this corporation is AbbVie Inc. The original Certificate of Incorporation was filed on April 10, 2012.
2. This Amended and Restated Certificate of Incorporation was duly adopted in accordance with the provisions of Sections 242 and 245 of the DGCL and by the written consent of its sole stockholder in accordance with Section 228 of the DGCL, and is to become effective as of 11:59 p.m., Eastern time, on December 31, 2012.
3. This Amended and Restated Certificate of Incorporation restates and amends the original Certificate of Incorporation to read in its entirety as follows:

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**ARTICLE I  
NAME OF CORPORATION**

The name by which the corporation is to be known is AbbVie Inc. (the "Corporation").

**ARTICLE II  
REGISTERED OFFICE; REGISTERED AGENT**

The address of the Corporation's registered office in the State of Delaware is 1209 Orange Street, in the City of Wilmington, County of New Castle. The name of its registered agent at such address is The Corporation Trust Company. The Corporation may have such other offices, either within or without the State of Delaware, as the Board of Directors of the Corporation (the "Board of Directors") may designate or as the business of the Corporation may from time to time require.

**ARTICLE III  
PURPOSE**

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the DGCL.

**ARTICLE IV  
STOCK**

Section 1. Authorized Stock. The total number of shares of capital stock that the Corporation shall have authority to issue is 4,200,000,000 shares, consisting of (a) 4,000,000,000 shares of common

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stock, par value \$0.01 per share (the "Common Stock"), and (b) 200,000,000 shares of preferred stock, par value \$0.01 per share (the "Preferred Stock").

Section 2. Common Stock. Except as may otherwise be provided in this Amended and Restated Certificate of Incorporation, in a Preferred Stock Designation (as hereinafter defined), or as required by law, the holders of outstanding shares of Common Stock shall have the right to vote on all questions to the exclusion of all other stockholders, each holder of record of Common Stock being entitled to one vote for each share of Common Stock standing in the name of the stockholder on the books of the Corporation.

Section 3. Preferred Stock. Shares of Preferred Stock may be issued from time to time in one or more series. The Board of Directors (or any committee to which it may duly delegate the authority granted in this Article IV) is hereby empowered to authorize the issuance from time to time of shares of Preferred Stock in one or more series, for such consideration and for such corporate purposes as the Board of Directors (or such committee thereof) may from time to time determine, and by filing a certificate (hereinafter referred to as a "Preferred Stock Designation") pursuant to applicable law of the State of Delaware as it presently exists or may hereafter be amended to establish from time to time for each such series the number of shares to be included in each such series and to fix the designations, powers, rights and preferences of the shares of each such series, and the qualifications, limitations and restrictions thereof to the fullest extent now or hereafter permitted by this Amended and Restated Certificate of Incorporation and the laws of the State of Delaware, including, without limitation, voting rights (if any), dividend rights, dissolution rights, conversion rights, exchange rights and redemption rights thereof, as shall be stated and expressed in a resolution or resolutions adopted by the Board of Directors (or such committee thereof) providing for the issuance of such series of Preferred Stock. Each series of Preferred Stock shall be distinctly designated. The authority of the Board of Directors with respect to each series of Preferred Stock shall include, but not be limited to, determination of the following:

- (i) the designation of the series, which may be by distinguishing number, letter or title;
- (ii) the number of shares of the series, which number the Board of Directors may thereafter (except where otherwise provided in the Preferred Stock Designation) increase or decrease (but not below the number of shares thereof then outstanding);
- (iii) the amounts payable on, and the preferences, if any, of shares of the series in respect of dividends, and whether such dividends, if any, shall be cumulative or noncumulative;
- (iv) dates at which dividends, if any, shall be payable;
- (v) the redemption rights and price or prices, if any, for shares of the series;
- (vi) the terms and amount of any sinking fund provided for the purchase or redemption of shares of the series;

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- (vii) the amounts payable on, and the preferences, if any, of shares of the series in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation;
- (viii) whether the shares of the series shall be convertible into or exchangeable for shares of any other class or series, or any other security, of the Corporation or any other corporation, and, if so, the specification of such other class or series or such other security, the conversion or exchange price or prices or rate or rates, any adjustments thereof, the date or dates at which such shares shall be convertible or exchangeable and all other terms and conditions upon which such conversion or exchange may be made;
- (ix) restrictions on the issuance of shares of the same series or of any other class or series; and
- (x) the voting rights, if any, of the holders of shares of the series.

**ARTICLE V  
TERM**

The term of existence of the Corporation shall be perpetual.

**ARTICLE VI  
BOARD OF DIRECTORS**

Section 1. Number of Directors. Subject to the rights of the holders of any series of Preferred Stock to elect directors under specified circumstances, the number of directors shall be fixed from time to time exclusively pursuant to a resolution adopted by a majority of the total number of directors that the Corporation would have if there were no vacancies (the "Whole Board").



Section 2. Classes of Directors. Subject to the rights of the holders of any series of Preferred Stock to elect directors under specified circumstances, the directors shall be divided, with respect to the time for which they severally hold office, into three classes, as nearly equal in number as is reasonably possible, with the term of office of the first class to expire at the 2013 annual meeting of stockholders, the term of office of the second class to expire at the 2014 annual meeting of stockholders and the term of office of the third class to expire at the 2015 annual meeting of stockholders, with each director to hold office until his or her successor shall have been duly elected and qualified. At each annual meeting of stockholders, commencing with the 2013 annual meeting, (a) directors elected to succeed those directors whose terms then expire shall be elected for a term of office to expire at the third succeeding annual meeting of stockholders after their election, with each director to hold office until his or her successor shall have been duly elected and qualified, and (b) if authorized by a resolution of the Board of Directors, directors may be elected to fill any vacancy on the Board of Directors, regardless of how such vacancy shall have been created.

Section 3. Vacancies. Subject to applicable law and the rights of the holders of any series of Preferred Stock with respect to such series of Preferred Stock, and unless the Board

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of Directors otherwise determines, vacancies resulting from death, resignation, retirement, disqualification, removal from office or other cause, and newly created directorships resulting from any increase in the authorized number of directors, may be filled only by the affirmative vote of a majority of the remaining directors, though less than a quorum of the Board of Directors, and in the event that there is only one director remaining in office, by such sole remaining director, and directors so chosen shall hold office for a term expiring at the annual meeting of stockholders at which the term of office of the class to which they have been appointed expires and until such director's successor shall have been duly elected and qualified.

Section 4. Removal. Subject to the rights of the holders of any series of Preferred Stock with respect to such series of Preferred Stock, any director, or the entire Board of Directors, may be removed from office at any time but only for cause by the affirmative vote of the holders of at least a majority of the outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors.

#### ARTICLE VII STOCKHOLDER ACTION

Section 1. Stockholder Action by Written Consent. Subject to the rights of the holders of any series of Preferred Stock with respect to such series of Preferred Stock, any action required or permitted to be taken by the stockholders of the Corporation must be effected at an annual or special meeting of stockholders of the Corporation and may not be effected by any consent in writing by such stockholders.

Section 2. Special Meetings of Stockholders. Subject to the rights of the holders of any series of Preferred Stock with respect to such series of Preferred Stock, special meetings of stockholders may only be called by or at the direction of the Chairman of the Board of Directors, the Chief Executive Officer, any President, or the Board of Directors pursuant to a resolution adopted by a majority of the Whole Board. At any special meeting of the stockholders, only such business shall be conducted or considered as shall have been properly brought before the meeting pursuant to the Corporation's notice of meeting. To be properly brought before a special meeting, proposals of business must be (a) specified in the Corporation's notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors, or (b) otherwise properly brought before the special meeting, by or at the direction of the Board of Directors.

#### ARTICLE VIII AMENDMENTS TO BY-LAWS

In furtherance and not in limitation of the powers conferred by the laws of the State of Delaware, the By-laws of the Corporation (the "By-laws") may be altered, amended or repealed, in whole or in part, and new By-laws may be adopted, (i) by the affirmative vote of shares representing a majority of the outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors; provided, however, that any proposed alteration, amendment or repeal of, or the adoption of any By-law inconsistent with, Sections 2.2, 2.12, 3.2, 3.3, 3.10 or 3.11, Article VII or Article X of the By-laws (in each case, as in effect on the date hereof), or the alteration, amendment or repeal of, or the adoption of any provision

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inconsistent with this sentence, may only be made by the affirmative vote of shares representing not less than eighty percent (80%) of the outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors; and provided further, however, that in the case of any such stockholder action at a meeting of stockholders, notice of the proposed alteration, amendment, repeal or adoption of the new By-law or By-laws must be contained in the notice of such meeting, or (ii) by action of the Board of Directors of the Corporation; provided, however, that the case of any such action at a meeting of the Board of Directors, notice of the proposed alteration, amendment, repeal or adoption of the new By-law or By-laws must be given not less than two days prior to the meeting.

#### ARTICLE IX DIRECTOR LIABILITY

To the fullest extent permitted by the DGCL, as the same exists or may hereafter be amended, a director of the Corporation shall not be personally liable either to the Corporation or to any of its stockholders for monetary damages for breach of fiduciary duty as a director. Any amendment or modification or repeal of the foregoing sentence shall not adversely affect any right or protection of a director of the Corporation hereunder in respect of any act or omission occurring prior to the time of such amendment, modification or repeal. If the DGCL hereafter is amended to further eliminate or limit the liability of a director, then a director of the Corporation, in addition to the circumstances in which a director is not personally liable as set forth in the preceding sentence, shall not be liable to the fullest extent permitted by the amended DGCL.

#### ARTICLE X FORUM AND VENUE

Unless the Board of Directors otherwise determines, the Court of Chancery of the State of Delaware shall be the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the Corporation, (ii) any action asserting a claim of breach of a fiduciary duty owed by any director or officer of the Corporation to the Corporation or the Corporation's stockholders, creditors or other constituents, (iii) any action asserting a claim against the Corporation or any director or officer of the Corporation arising pursuant to any provision of the DGCL or the Amended and Restated Certificate of Incorporation or By-laws (as either may be amended from time to time), or (iv) any action asserting a claim against the Corporation or any director or officer of the Corporation governed by the internal affairs doctrine; provided, that, if and only if the Court of Chancery of the State of Delaware dismisses any such action for lack of subject matter jurisdiction, such action may be brought in another state court sitting in the State of Delaware.

#### ARTICLE XI AMENDMENTS

In furtherance and not in limitation of the powers conferred by the laws of the State of Delaware as they presently exist or may hereafter be amended, subject to any limitations contained elsewhere in this Amended and Restated Certificate of Incorporation, the Corporation may from time to time adopt, amend or repeal any provisions of this Amended and Restated

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Certificate of Incorporation; provided, however, that any proposed alteration, amendment or repeal of, or the adoption of any provision inconsistent with, Article VI and Article VII of this Amended and Restated Certificate of Incorporation (in each case, as in effect on the date hereof), or the alteration, amendment or repeal of, or the adoption of any provision inconsistent with this sentence, may only be made by the affirmative vote of shares representing not less than eighty percent (80%) of the outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors.

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**AMENDED AND RESTATED BY-LAWS  
OF  
ABBVIE INC.**

Incorporated under the Laws of the State of Delaware

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These Amended and Restated By-laws (the "By-laws") of AbbVie Inc., a Delaware corporation, are effective as of 11:59 p.m., Eastern time, on December 31, 2012 and hereby amend and restate the previous by-laws of AbbVie Inc., which are hereby deleted in their entirety and replaced with the following:

**ARTICLE I  
OFFICES AND RECORDS**

Section 1.1 Delaware Office. The registered office of AbbVie Inc. (the "Corporation") in the State of Delaware shall be located in the City of Wilmington, County of New Castle, and the name and address of its registered agent is The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19904.

Section 1.2 Other Offices. The Corporation may have such other offices, either inside or outside the State of Delaware, as the Board of Directors of the Corporation (the "Board of Directors") may designate or as the business of the Corporation may from time to time require.

Section 1.3 Books and Records. The books and records of the Corporation may be kept inside or outside the State of Delaware at such place or places as may from time to time be designated by the Board of Directors.

**ARTICLE II  
STOCKHOLDERS**

Section 2.1 Annual Meeting. The annual meeting of the stockholders of the Corporation shall be held on such date and at such place and time as may be fixed by resolution of the Board of Directors.

Section 2.2 Special Meeting. Subject to the rights of the holders of any series of stock having a preference over the Common Stock of the Corporation as to dividends, voting or upon liquidation ("Preferred Stock") with respect to such series of Preferred Stock, special meetings of the stockholders may be called only by the Chairman of the Board, the Chief Executive Officer, any President, or the Board of Directors pursuant to a resolution adopted by a majority of the total number of directors which the Corporation would have if there were no vacancies (the "Whole Board").

Section 2.3 Place of Meeting. The Board of Directors or the Chairman of the Board, as the case may be, may designate the place of meeting for any annual or special meeting of the stockholders. If no designation is so made, the place of meeting shall be the principal office of the Corporation.

Section 2.4 Notice of Meeting. Written or printed notice, stating the place, date and hour of the meeting, the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such meeting, and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered by the Corporation not less than ten (10) days nor more than sixty (60) days before the date of the meeting, either personally, by electronic transmission in the manner provided in Section 232 of the General Corporation Law of the State of Delaware (as it may be amended, the "DGCL") (except to the extent prohibited by Section 232(e) of the DGCL) or by mail, to each stockholder of record entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail with postage thereon prepaid, addressed to the stockholder at his or her address as it appears on the stock transfer books of the Corporation. If notice is given by electronic transmission, such notice shall be deemed to be given at the times provided in the DGCL. Such further notice shall be given as may be required by law. Meetings may be held without notice if all stockholders entitled to vote are present, or if notice is waived by those not present in accordance with Section 8.4 of these By-laws. Any previously scheduled meeting of the stockholders may be postponed, and, unless the Amended and Restated Certificate of Incorporation of the Corporation (the "Certificate of Incorporation") otherwise provides, any special meeting of the stockholders may be cancelled, by resolution of the Board of Directors upon public notice given prior to the date previously scheduled for such meeting of stockholders.

Section 2.5 Quorum and Adjournment. Except as otherwise provided by law or by the Certificate of Incorporation, the holders of a majority of the outstanding shares of the Corporation entitled to vote generally in the election of directors (the "Voting Stock"), represented in person or by proxy, shall constitute a quorum at a meeting of stockholders, except that when specified business is to be voted on by a class or series of stock voting as a class, the holders of a majority of the shares of such class or series shall constitute a quorum of such class or series for the transaction of such business. The Chairman of the Board of Directors or the President may adjourn the meeting from time to time, whether or not there is a quorum. No notice of the time and place of adjourned meetings need be given except as required by law. The stockholders present at a duly called meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal of enough stockholders to leave less than a quorum.

Section 2.6 Proxies. At all meetings of stockholders, a stockholder may vote by proxy executed in writing (or in such manner prescribed by the DGCL) by the stockholder, or by his or her duly authorized attorney in fact.

Section 2.7 Order of Business.

(A) Annual Meetings of Stockholders. At any annual meeting of the stockholders, only such nominations of persons for election to the Board of Directors shall be made, and only such other business shall be conducted or considered, as shall have been properly brought before the meeting. For nominations to be properly made at an annual meeting, and proposals of other business to be properly brought before an annual meeting, nominations and proposals of other business must be: (a) specified in the Corporation's notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors, (b) otherwise

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properly made at the annual meeting, by or at the direction of the Board of Directors or (c) otherwise properly requested to be brought before the annual meeting by a stockholder of the Corporation in accordance with these By-laws. For nominations of persons for election to the Board of Directors or proposals of other business to be properly requested by a stockholder to be made at an annual meeting, a stockholder must (i) be a stockholder of record at the time of giving of notice of such annual meeting by or at the direction of the Board of Directors and at the time of the annual meeting, (ii) be entitled to vote at such annual meeting and (iii) comply with the procedures set forth in these By-laws as to such business or nomination. The immediately preceding sentence shall be the exclusive means for a stockholder to make nominations or other business proposals (other than matters properly brought under Rule 14a-8 under the Securities Exchange Act of 1934, as amended (the "Exchange Act") and included in the Corporation's notice of meeting) before an annual meeting of stockholders.

(B) Special Meetings of Stockholders. At any special meeting of the stockholders, only such business shall be conducted or considered, as shall have been properly brought before the meeting pursuant to the Corporation's notice of meeting. To be properly brought before a special meeting, proposals of business must be (a) specified in the Corporation's notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors, or (b) otherwise properly brought before the special meeting, by or at the direction of the Board of Directors.

Nominations of persons for election to the Board of Directors may be made at a special meeting of stockholders at which directors are to be elected pursuant to the Corporation's notice of meeting (a) by or at the direction of the Board of Directors or (b) provided that the Board of Directors has determined that directors shall be elected at such meeting, by any stockholder of the Corporation who (i) is a stockholder of record at the time of giving of notice of such special meeting and at the time of the special meeting, (ii) is entitled to vote at the meeting, and (iii) complies with the procedures set forth in these By-laws as to such nomination. The immediately preceding sentence shall be the exclusive means for a stockholder to make nominations (other than matters properly brought under Rule 14a-8 under the Exchange Act and included in the Corporation's notice of meeting) before a special meeting of stockholders.

(C) General. Except as otherwise provided by law, the Certificate of Incorporation or these By-laws, the Chairman of any annual or special meeting shall have the power to determine whether a nomination or any other business proposed to be brought before the meeting was made or proposed, as the case may be, in accordance with these By-laws and, if any proposed nomination or other business is not in compliance with these By-laws, to declare that no action shall be taken on such nomination or other proposal and such nomination or other proposal shall be disregarded.

Section 2.8 Advance Notice of Stockholder Business and Nominations.

(A) Annual Meeting of Stockholders. Without qualification or limitation, subject to Section 2.8(C)(4) of these By-laws, for any nominations or any other business to be properly brought before an annual meeting by a stockholder pursuant to Section 2.7(A) of these By-laws, the stockholder must have given timely notice thereof (including, in the case of nominations, the completed and signed questionnaire, representation and agreement required

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by Section 2.9 of these By-laws), and timely updates and supplements thereof, in writing to the Secretary, and such other business must otherwise be a proper matter for stockholder action.

To be timely, a stockholder's notice shall be delivered to the Secretary at the principal executive offices of the Corporation not earlier than the close of business on the 120th day and not later than the close of business on the 90th day prior to the first anniversary of the preceding year's annual meeting; provided, however, that in the event that the date of the annual meeting is more than 30 days before or more than 60 days after such anniversary date, notice by the stockholder must be so delivered not earlier than the close of business on the 120th day prior to the date of such annual meeting and not later than the close of business on the later of the 90th day prior to the date of such annual meeting or, if the first public announcement of the date of such annual meeting is less than 100 days prior to the date of such annual meeting, the 10th day following the day on which public announcement of the date of such meeting is first made by the Corporation. In no event shall any adjournment or postponement of an annual meeting, or the public announcement thereof, commence a new time period for the giving of a stockholder's notice as described above.

Notwithstanding anything in the immediately preceding paragraph to the contrary, in the event that the number of directors to be elected to the Board of Directors is increased by the Board of Directors, and there is no public announcement by the Corporation naming all of the nominees for director or specifying the size of the increased Board of Directors at least 100 days prior to the first anniversary of the preceding year's annual meeting, a stockholder's notice required by this Section 2.8(A) shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business on the 10th day following the day on which such public announcement is first made by the Corporation.

In addition, to be considered timely, a stockholder's notice shall further be updated and supplemented, if necessary, so that the information provided or required to be provided in such notice shall be true and correct as of the record date for the meeting and as of the date that is ten (10) business days prior to the meeting or any adjournment or postponement thereof, and such update and supplement shall be delivered to the Secretary at the principal executive offices of the Corporation not later than five (5) business days after the record date for the meeting in the case of the update and supplement required to be made as of the record date, and not later than eight (8) business days prior to the date for the meeting or any adjournment or postponement thereof in the case of the update and supplement required to be made as of ten (10) business days prior to the meeting or any adjournment or postponement thereof.

(B) Special Meetings of Stockholders. Subject to Section 2.8(C)(4) of these By-laws, in the event the Corporation calls a special meeting of stockholders for the purpose of electing one or more directors to the Board of Directors, any stockholder may nominate a person or persons (as the case may be) for election to such position(s) as specified in the Corporation's notice of meeting, provided that the stockholder gives timely notice thereof (including the completed and signed questionnaire, representation and agreement required by Section 2.9 of these By-laws), and timely updates and supplements thereof, in writing, to the Secretary.

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To be timely, a stockholder's notice shall be delivered to the Secretary at the principal executive offices of the Corporation not earlier than the close of business on the 120th day prior to the date of such special meeting and not later than the close of business on the later of the 90th day prior to the date of such special meeting or, if the first public announcement of the date of such special meeting is less than 100 days prior to the date of such special meeting, the 10th day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting. In no event shall any adjournment or postponement of a special meeting of stockholders, or the public announcement thereof, commence a new time period for the giving of a stockholder's notice as described above.

In addition, to be considered timely, a stockholder's notice shall further be updated and supplemented, if necessary, so that the information provided or required to be provided in such notice shall be true and correct as of the record date for the meeting and as of the date that is ten (10) business days prior to the meeting or any adjournment or postponement thereof, and such update and supplement shall be delivered to the Secretary at the principal executive offices of the Corporation not later than five (5) business days after the record date for the meeting in the case of the update and supplement required to be made as of the record date, and not later than eight (8) business days prior to the date for the meeting, any adjournment or postponement thereof in the case of the update and supplement required to be made as of ten (10) business days prior to the meeting or any adjournment or postponement thereof.

(C) Disclosure Requirements.

(i) To be in proper form, a stockholder's notice (whether given pursuant to Section 2.7(A) or 2.7(B) of these By-laws) to the Secretary must include the following, as applicable.

(1) As to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made, a stockholder's notice must set forth: (i) the name and address of such stockholder, as they appear on the Corporation's books, of such beneficial owner, if any, and of their respective affiliates or associates or others acting in concert therewith, (ii) (A) the class or series and number of shares of the Corporation which are, directly or indirectly, owned beneficially and of record by such stockholder, such beneficial owner and their respective affiliates or associates or others acting in concert therewith, (B) any option, warrant, convertible security, stock appreciation right, or similar right with an exercise or conversion privilege or a settlement payment or mechanism at a price related to any class or series of shares of the Corporation or with a value derived in whole or in part from the value of any class or series of shares of the Corporation, or any derivative or synthetic arrangement having the characteristics of a long position in any class or series of shares of the Corporation, or any contract, derivative, swap or other transaction or series of transactions designed to produce economic benefits and risks that correspond substantially to the ownership of any class or series of shares of the Corporation, including due to the fact that the value of such contract, derivative, swap or other transaction or series of transactions is determined by reference to the price, value or volatility of any class or series of shares of the Corporation, whether or not such instrument, contract or right shall be subject to settlement in the underlying class or series of shares of the Corporation, through the delivery of cash or other property, or otherwise, and without

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regard to whether the stockholder of record, the beneficial owner, if any, or any affiliates or associates or others acting in concert therewith, may have entered into transactions that hedge or mitigate the economic effect of such instrument, contract or right, or any other direct or indirect opportunity to profit or share in any profit derived from any increase or decrease in the value of shares of the Corporation (any of the foregoing, a "Derivative Instrument") directly or indirectly owned beneficially by such stockholder, the beneficial owner, if any, or any affiliates or associates or others acting in concert therewith, (C) any proxy, contract, arrangement, understanding, or relationship pursuant to which such stockholder has a right to vote any class or series of shares of the Corporation, (D) any agreement, arrangement, understanding, relationship or otherwise, including any repurchase or similar so-called "stock borrowing" agreement or arrangement, involving such stockholder, directly or indirectly, the purpose or effect of which is to mitigate loss to, reduce the economic risk (of ownership or otherwise) of any class or series of shares of the Corporation by, manage the risk of share price changes for, or increase or decrease the voting power of, such stockholder with respect to any class or series of the shares of the Corporation, or which provides, directly or indirectly, the opportunity to profit or share in any profit derived from any decrease in the price or value of any class or series of the shares of the Corporation (any of the foregoing, a "Short Interest"), (E) any rights to dividends on the shares of the Corporation owned beneficially by such stockholder that are separated or separable from the underlying shares of the Corporation, (F) any proportionate interest in shares of the Corporation or Derivative Instruments held, directly or indirectly, by a general or limited partnership in which such stockholder is a general partner or, directly or indirectly, beneficially owns an interest in a general partner of such general or limited partnership, (G) any performance-related fees (other than an asset-based fee) that such stockholder or members of such stockholder's immediate family sharing the same household are entitled to based on any increase or decrease in the value of shares of the Corporation or Derivative Instruments, if any, (H) any significant equity interests or any Derivative Instruments or Short Interests in any principal competitor of the Corporation held by such stockholder, and (I) any direct or indirect interest of such stockholder in any contract with the Corporation, any affiliate of the Corporation or any principal competitor of the Corporation (including, in any such case, any employment agreement, collective bargaining agreement or consulting agreement), and (iii) any other information relating to such stockholder and beneficial owner, if any, that would be required to be disclosed in a proxy statement and form of proxy or other filings required to be made in connection with solicitations of proxies for, as applicable, the proposal and/or for the election of directors in a contested election pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder;

(2) If the notice relates to any business other than a nomination of a director or directors that the stockholder proposes to bring before the meeting, a stockholder's notice must, in addition to the matters set forth in paragraph (a) above, also set forth: (i) a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting and any material interest of such stockholder and beneficial owner, if any, in such business, (ii) the text of the proposal or business (including the text of any resolutions proposed for consideration and, in the event that such proposal or business includes a proposal to amend the by-laws of the Corporation, the text of the proposed amendment), and (iii) a description of all agreements, arrangements and understandings between such stockholder and beneficial owner, if any, and any other person or persons (including their names) in connection with the proposal of such business by such stockholder;

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(3) As to each person, if any, whom the stockholder proposes to nominate for election or reelection to the Board of Directors, a stockholder's notice must, in addition to the matters set forth in paragraph (a) above, also set forth: (i) all information relating to such person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors in a contested election pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder (including such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected) and (ii) a description of all direct and indirect compensation and other material monetary agreements, arrangements and understandings during the past three years, and any other material relationships, between or among such stockholder and beneficial owner, if any, and their respective affiliates and associates, or others acting in concert therewith, on the one hand, and each proposed nominee, and his or her respective affiliates and associates, or others acting in concert therewith, on the other hand, including, without limitation all information that would be required to be disclosed pursuant to Rule 404 or any successor provision promulgated under Regulation S-K if the stockholder making the nomination and any beneficial owner on whose behalf the nomination is made, if any, or any affiliate or associate thereof or person acting in concert therewith, were the "registrant" for purposes of such rule and the nominee were a director or executive officer of such registrant; and

(4) With respect to each person, if any, whom the stockholder proposes to nominate for election or reelection to the Board of Directors, a stockholder's notice must, in addition to the matters set forth in paragraphs (a) and (c) above, also include a completed and signed questionnaire, representation and agreement required by Section 2.9 of these By-laws. The Corporation may

require any proposed nominee to furnish such other information as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as an independent director of the Corporation or that could be material to a reasonable stockholder's understanding of the independence, or lack thereof, of such nominee.

(ii) For purposes of these By-laws, "public announcement" shall mean disclosure in a press release reported by a national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act and the rules and regulations promulgated thereunder.

(iii) Notwithstanding the provisions of these By-laws, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this By-law; provided, however, that any references in these By-laws to the Exchange Act or the rules promulgated thereunder are not intended to and shall not limit the separate and additional requirements set forth in these By-laws with respect to nominations or proposals as to any other business to be considered pursuant to Section 2.7 of these By-laws.

(iv) Nothing in these By-laws shall be deemed to affect any rights (i) of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act or (ii) of the holders of any series of Preferred Stock if and to the extent provided for under law, the Certificate of Incorporation or these By-laws. Subject to Rule 14a-8 under the Exchange Act, nothing in these By-laws shall be construed to permit any stockholder, or give any stockholder the right, to include or have disseminated or described in

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the Corporation's proxy statement any nomination of director or directors or any other business proposal.

Section 2.9 Submission of Questionnaire, Representation and Agreement. To be eligible to be a nominee for election or reelection as a director of the Corporation, a person nominated by a shareholder for election or reelection to the Board of Directors must deliver (in accordance with the time periods prescribed for delivery of notice under Section 2.8 of these By-laws) to the Secretary at the principal executive offices of the Corporation a written questionnaire with respect to the background and qualification of such person and the background of any other person or entity on whose behalf the nomination is being made (which questionnaire shall be provided by the Secretary upon written request), and a written representation and agreement (in the form provided by the Secretary upon written request) that such person (A) is not and will not become a party to (1) any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity as to how such person, if elected as a director of the Corporation, will act or vote on any issue or question (a "Voting Commitment") that has not been disclosed to the Corporation or (2) any Voting Commitment that could limit or interfere with such person's ability to comply, if elected as a director of the Corporation, with such person's fiduciary duties under applicable law, (B) is not and will not become a party to any agreement, arrangement or understanding with any person or entity other than the Corporation with respect to any direct or indirect compensation, reimbursement or indemnification in connection with service or action as a director that has not been disclosed therein, (C) will comply with the Corporation's stock ownership guidelines for directors, if any, and has disclosed therein whether all or any portion of securities of the Corporation were purchased with any financial assistance provided by any other person and whether any other person has any interest in such securities, and (D) in such person's individual capacity and on behalf of any person or entity on whose behalf the nomination is being made, would be in compliance, if elected as a director of the Corporation, and will comply, with all applicable corporate governance, conflict of interest, confidentiality and stock ownership and trading policies and guidelines of the Corporation publicly disclosed from time to time, and (E) will abide by the requirements of Section 2.10 of these By-laws.

#### Section 2.10 Procedure for Election of Directors; Required Vote.

(A) Except as set forth below, election of directors at all meetings of the stockholders at which directors are to be elected shall be by ballot, and, subject to the rights of the holders of any series of Preferred Stock to elect directors under specified circumstances, a majority of the votes cast at any meeting for the election of directors at which a quorum is present shall elect directors. For purposes of this By-law, a majority of votes cast shall mean that the number of shares voted "for" a director's election exceeds 50% of the number of votes cast with respect to that director's election. Votes cast shall include direction to withhold authority in each case and exclude abstentions with respect to that director's election. Notwithstanding the foregoing, in the event of a "contested election" of directors, directors shall be elected by the vote of a plurality of the votes cast at any meeting for the election of directors at which a quorum is present. For purposes of this By-law, a "contested election" shall mean any election of directors in which the number of candidates for election as directors exceeds the number of directors to be elected, with the determination thereof being made by the Secretary as of the close of the applicable notice of nomination period set forth in Section 2.8 of these

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By-laws or under applicable law, based on whether one or more notice(s) of nomination were timely filed in accordance with said Section 2.8; provided, however, that the determination that an election is a "contested election" shall be determinative only as to the timeliness of a notice of nomination and not otherwise as to its validity. If, prior to the time the Corporation mails its initial proxy statement in connection with such election of directors, one or more notices of nomination are withdrawn such that the number of candidates for election as director no longer exceeds the number of directors to be elected, the election shall not be considered a contested election, but in all other cases, once an election is determined to be a contested election, directors shall be elected by the vote of a plurality of the votes cast.

(B) If a nominee for director who is an incumbent director is not elected and no successor has been elected at such meeting, the director shall promptly tender his or her resignation to the Board of Directors in accordance with the agreement contemplated by clause (E) of Section 2.9 of these By-laws. The Nominations and Governance Committee shall make a recommendation to the Board of Directors as to whether to accept or reject the tendered resignation, or whether other action should be taken. The Board of Directors shall act on the tendered resignation, taking into account the Nominations and Governance Committee's recommendation, and publicly disclose (by a press release, a filing with the Securities and Exchange Commission or other broadly disseminated means of communication) its decision regarding the tendered resignation and the rationale behind the decision within 90 days from the date of the certification of the election results. The Nominations and Governance Committee in making its recommendation, and the Board of Directors in making its decision, may each consider any factors or other information that it considers appropriate and relevant. The director who tenders his or her resignation shall not participate in the recommendation of the Nominations and Governance Committee or the decision of the Board of Directors with respect to his or her resignation. If such incumbent director's resignation is not accepted by the Board of Directors, such director shall continue to serve until the next annual meeting and until his or her successor is duly elected, or his or her earlier resignation or removal. If a director's resignation is accepted by the Board of Directors pursuant to this By-law, or if a nominee for director is not elected and the nominee is not an incumbent director, then the Board of Directors, in its sole discretion, may fill any resulting vacancy pursuant to the provisions of Section 3.9 of these By-laws or may decrease the size of the Board of Directors pursuant to the provisions of Section 3.2 of these By-laws.

(C) Except as otherwise provided by law, the Certificate of Incorporation, or these By-laws, in all matters other than the election of directors, the affirmative vote of a majority of the shares present in person or represented by proxy at the meeting and entitled to vote on the matter shall be the act of the stockholders.

#### Section 2.11 Inspectors of Elections; Opening and Closing the Polls.

(A) The Board of Directors by resolution shall appoint one or more inspectors, which inspector or inspectors may, but does not need to, include individuals who serve the Corporation in other capacities, including, without limitation, as officers, employees, agents or representatives, to act at the meetings of stockholders and make a written report thereof. One or more persons may be designated as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate has been appointed to act or is able to act at a

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meeting of stockholders, the Chairman of the meeting shall appoint one or more inspectors to act at the meeting. Each inspector, before discharging his or her duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of his or her ability. The inspectors shall have the duties prescribed by law.

(B) The Chairman of the meeting shall be appointed by the inspector or inspectors to fix and announce at the meeting the date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote at a meeting.

Section 2.12 No Stockholder Action by Written Consent. Subject to the rights of the holders of any series of Preferred Stock with respect to such series of Preferred Stock, any action required or permitted to be taken by the stockholders of the Corporation must be effected at an annual or special meeting of stockholders of the Corporation and may not be effected by any consent in writing by such stockholders.

### ARTICLE III BOARD OF DIRECTORS

Section 3.1 General Powers. The business and affairs of the Corporation shall be managed under the direction of the Board of Directors. In addition to the powers and authorities by these By-laws expressly conferred upon them, the Board of Directors may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute or by the Certificate of Incorporation or by these By-laws required to be exercised or done by the stockholders.

Section 3.2 Number, Tenure and Qualifications. Subject to the rights of the holders of any series of Preferred Stock to elect directors under specified circumstances, the number of directors shall be fixed from time to time exclusively pursuant to a resolution adopted by a majority of the Whole Board. No decrease in the number of authorized directors constituting the Whole Board shall shorten the term of any incumbent director.

Section 3.3 Classes of Directors. Subject to the rights of the holders of any series of Preferred Stock to elect directors under specified circumstances, the directors shall be divided, with respect to the time for which they severally hold office, into three classes, as nearly equal in number as is reasonably possible, with the term of office of the first class to expire at the 2013 annual meeting of stockholders, the term of office of the second class to expire at the 2014 annual meeting of stockholders and the term of office of the third class to expire at the 2015 annual meeting of stockholders, with each director to hold

office until his or her successor shall have been duly elected and qualified. At each annual meeting of stockholders, commencing with the 2013 annual meeting, (a) directors elected to succeed those directors whose terms then expire shall be elected for a term of office to expire at the third succeeding annual meeting of stockholders after their election, with each director to hold office until his or her successor shall have been duly elected and qualified, and (b) if authorized by a resolution of the Board of Directors, directors may be elected to fill any vacancy on the Board of Directors, regardless of how such vacancy shall have been created.

Section 3.4 Regular Meetings. A regular meeting of the Board of Directors shall

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be held without other notice than this By-law immediately after, and at the same place as, the Annual Meeting of Stockholders. The Board of Directors may, by resolution, provide the time and place for the holding of additional regular meetings without other notice than such resolution.

Section 3.5 Special Meetings. Special meetings of the Board of Directors shall be called at the request of the Chairman of the Board of Directors, the Chief Executive Officer or a majority of the Board of Directors then in office. The person or persons authorized to call special meetings of the Board of Directors may fix the place and time of the meetings.

Section 3.6 Notice. Notice of any special meeting of directors shall be given to each director at his or her business or residence in writing by hand delivery, first-class or overnight mail or courier service, telegram, email or facsimile transmission, or orally by telephone. If mailed by first-class mail, such notice shall be deemed adequately delivered when deposited in the United States mails so addressed, with postage thereon prepaid, at least five (5) days before such meeting. If by telegram, overnight mail or courier service, such notice shall be deemed adequately delivered when the telegram is delivered to the telegraph company, or the notice is delivered to the overnight mail or courier service company at least twenty-four (24) hours before such meeting. If by email, facsimile transmission, telephone or by hand, such notice shall be deemed adequately delivered when the notice is transmitted at least twelve (12) hours before such meeting. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice of such meeting, except for amendments to these By-laws, as provided under Section 10.1 of these By-laws. A meeting may be held at any time without notice if all the directors are present or if those not present waive notice of the meeting in accordance with Section 8.4 of these By-laws.

Section 3.7 Action by Consent of Board of Directors. Any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting if all members of the Board or committee, as the case may be, consent thereto in writing or by electronic transmission, and the writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the Board or committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

Section 3.8 Conference Telephone Meetings. Members of the Board of Directors, or any committee thereof, may participate in a meeting of the Board of Directors or such committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at such meeting.

Section 3.9 Quorum. Subject to Section 3.9 of these By-laws, a whole number of directors equal to at least a majority of the Whole Board shall constitute a quorum for the transaction of business, but if at any meeting of the Board of Directors there shall be less than a quorum present, a majority of the directors present may adjourn the meeting from time to time without further notice. The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors. The directors present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal

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of enough directors to leave less than a quorum.

Section 3.10 Vacancies. Subject to applicable law and the rights of the holders of any series of Preferred Stock with respect to such series of Preferred Stock, and unless the Board of Directors otherwise determines, vacancies resulting from death, resignation, retirement, disqualification, removal from office or other cause, and newly created directorships resulting from any increase in the authorized number of directors, may be filled only by the affirmative vote of a majority of the remaining directors, though less than a quorum of the Board of Directors, and in the event that there is only one director remaining in office, by such sole remaining director, and directors so chosen shall hold office for a term expiring at the annual meeting of stockholders at which the term of office of the class to which they have been appointed expires and until such director's successor shall have been duly elected and qualified.

Section 3.11 Removal. Subject to the rights of the holders of any series of Preferred Stock with respect to such series of Preferred Stock, any director, or the entire Board of Directors, may be removed from office at any time, but only for cause and only by the affirmative vote of the holders of a majority of the outstanding shares of Voting Stock, voting together as a single class.

Section 3.12 Records. The Board of Directors shall cause to be kept a record containing the minutes of the proceedings of the meetings of the Board of Directors and of the stockholders, appropriate stock books and registers and such books of records and accounts as may be necessary for the proper conduct of the business of the Corporation.

#### ARTICLE IV COMMITTEES

Section 4.1 Appointment. A majority of the Board of Directors may create one or more committees and appoint members of the Board of Directors to serve on the committee or committees. Each committee shall have one or more members, who serve at the pleasure of the Board of Directors. The Board of Directors shall designate one member of each committee to be chairman of the committee. The Board of Directors shall designate a secretary of each committee who may be, but need not be, a member of the committee or the Board of Directors. Any committee, to the extent permitted by law and provided in the resolution establishing such committee, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it. Each committee shall keep regular minutes and report to the Board of Directors when required.

Section 4.2 Committee Meetings. A majority of any committee shall constitute a quorum and the act of the majority of the members of a committee present at a meeting at which a quorum is present shall be the act of such committee. A committee may act by unanimous consent in writing without a meeting. Committee meetings may be called by the Chairman of the Board of Directors, the chairman of the committee, or any two of the committee's members. The time and place of committee meetings shall be designated in the notice of such meeting. Notice of each committee meeting shall be given to each committee member. Each Committee shall keep minutes of its proceedings.

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Section 4.3 Executive Committee. The Board of Directors shall appoint an Executive Committee. A majority of the members of the Executive Committee shall be selected from those Directors who satisfy the independence requirements of the Corporation's Corporate Governance Guidelines. The Executive Committee may exercise, subject to applicable provisions of law, all the powers of the Board of Directors in the management of the business and affairs of the Corporation when the Board of Directors is not in session.

Section 4.4 Audit Committee. The Board of Directors shall appoint an Audit Committee. The composition of the members and the duties of such committee shall be as set forth in the Audit Committee Charter.

Section 4.5 Compensation Committee. The Board of Directors shall appoint a Compensation Committee. The composition of the members and the duties of such committee shall be as set forth in the Compensation Committee Charter.

Section 4.6 Nominations and Governance Committee. The Board of Directors shall appoint a Nominations and Governance Committee. The composition of the members and the duties of such committee shall be as set forth in the Nominations and Governance Committee Charter.

Section 4.7 Public Policy Committee. The Board of Directors shall appoint a Public Policy Committee. The composition of the members and the duties of such committee shall be as set forth in the Public Policy Committee Charter.

#### ARTICLE V OFFICERS

Section 5.1 Officers. The officers of the Corporation ("Officers") shall be the Chairman of the Board of Directors, the Chief Executive Officer, one or more Presidents, one or more Executive, Group or Senior Vice Presidents, one or more Vice Presidents, a Treasurer, a Secretary, a Controller, a General Counsel and such Assistant Treasurers and Assistant Secretaries as the Board of Directors may elect or the Chairman of the Board may appoint. Any two offices may be held by the same person.

Section 5.2 Election and Term of Office. The Board of Directors may elect any Officer. The Chairman of the Board may appoint any Vice President, a Controller, a Treasurer, a Secretary and any Assistant Treasurers and Assistant Secretaries. The Officers of the Corporation shall be elected or appointed annually. Each year, the Board of Directors shall elect Officers at the first meeting of the Board of Directors held after the annual meeting of shareholders. If the Board of Directors does not elect Officers at such meeting, such election shall be held as soon thereafter as conveniently may be. Each year, immediately following the election of Officers by the Board of Directors or as soon thereafter as conveniently may be, the Chairman of the Board shall appoint such additional Officers within the scope of the

Section 5.3 Removal of Officers. Any Officer may be removed by the Board of Directors whenever in its judgment the best interests of the Corporation will be served thereby. Any Officer appointed by the Chairman of the Board may be removed by the Chairman whenever, in the Chairman's judgment, the best interests of the Corporation will be served thereby.

Section 5.4 Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or otherwise, may be filled by the Board of Directors for the unexpired portion of the term. A vacancy in any office appointed by the Chairman of the Board may be filled by the Chairman of the Board for the unexpired portion of the term.

Section 5.5 Chairman of the Board of Directors; Chief Executive Officer. The Chairman shall preside at all meetings of the Board of Directors and the shareholders. The Chief Executive Officer shall be responsible for the overall management of the Corporation subject to the direction of the Board of Directors.

Section 5.6 President. Each President shall be the Chief Operating Officer of a major area of the Corporation's activities and shall perform such duties as may be prescribed by the Board of Directors or the Chief Executive Officer.

Section 5.7 Executive, Group and Senior Vice Presidents. Each Executive, Group, or Senior Vice President shall be responsible for supervising and coordinating a major area of the Corporation's activities subject to the direction of the Chief Executive Officer or a President.

Section 5.8 Vice Presidents. Each of the Vice Presidents shall be responsible for those activities designated by an Executive, Group, or Senior Vice President, a President, the Chief Executive Officer, or the Board of Directors.

Section 5.9 Treasurer. The Treasurer shall administer the investment, financing, insurance and credit activities of the Corporation.

Section 5.10 Secretary. The Secretary will be the custodian of the corporate records and of the seal of the Corporation, will countersign certificates for shares of the Corporation, and in general will perform all duties incident to the office of the Secretary. The Secretary shall have the authority to certify the By-laws, resolutions of the shareholders and the Board of Directors and committees thereof, and other documents of the Corporation as true and correct copies hereof.

Section 5.11 Controller. The Controller will conduct the accounting activities of the Corporation, including the maintenance of the Corporation's general and supporting ledgers and books of account, operating budgets, and the preparation and consolidation of financial statements.

Section 5.12 General Counsel. The General Counsel will be the chief consultant of the Corporation on legal matters and will supervise all matters of legal import concerning the interests of the Corporation.

Section 5.13 Assistant Treasurer. The Assistant Treasurer shall, in the absence or

incapacity of the Treasurer, perform the duties and exercise the powers of the Treasurer, and shall perform such other duties as shall from time to time be given to him or her by the Treasurer.

Section 5.14 Assistant Secretary. The Assistant Secretary shall, in the absence or incapacity of the Secretary, perform the duties and exercise the powers of the Secretary, and shall perform such other duties as shall from time to time be given to him or her by the Secretary. The Assistant Secretary shall be, with the Secretary, keeper of the books, records, and the seal of the Corporation, and shall have the authority to certify the By-laws, resolutions and other documents of the Corporation.

Section 5.15 General Powers of Officers. The Chairman of the Board, the Chief Executive Officer, any President, and any Executive, Group or Senior Vice President, may sign without countersignature any deeds, mortgages, bonds, contracts, reports to public agencies, or other instruments whether or not the Board of Directors has expressly authorized execution of such instruments, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these By-laws solely to some other Officer or agent of the Corporation, or shall be required by law to be otherwise signed or executed. Any other Officer of this Corporation may sign contracts, reports to public agencies, or other instruments which are in the regular course of business and within the scope of his or her authority, except where signing and execution thereof shall be expressly delegated by the Board of Directors or by these By-laws to some other Officer or agent of the Corporation, or shall be required by law to be otherwise signed or executed.

## ARTICLE VI STOCK CERTIFICATES AND TRANSFERS

Section 6.1 Certificated and Uncertificated Stock; Transfers. The interest of each stockholder of the Corporation may be evidenced by certificates for shares of stock in such form as the appropriate officers of the Corporation may from time to time prescribe or be uncertificated.

The shares of the stock of the Corporation shall be transferred on the books of the Corporation, in the case of certificated shares of stock, by the holder thereof in person or by his or her attorney duly authorized in writing, upon surrender for cancellation of certificates for at least the same number of shares, with an assignment and power of transfer endorsed thereon or attached thereto, duly executed, with such proof of the authenticity of the signature as the Corporation or its agents may reasonably require; and, in the case of uncertificated shares of stock, upon receipt of proper transfer instructions from the registered holder of the shares or by such person's attorney duly authorized in writing, and upon compliance with appropriate procedures for transferring shares in uncertificated form. No transfer of stock shall be valid as against the Corporation for any purpose until it shall have been entered in the stock records of the Corporation by an entry showing from and to whom transferred.

The certificates of stock shall be signed, countersigned and registered in such manner as the Board of Directors may by resolution prescribe, which resolution may permit all or any of the

signatures on such certificates to be in facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate has ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he or she were such officer, transfer agent or registrar at the date of issue.

Notwithstanding anything to the contrary in these By-laws, at all times that the Corporation's stock is listed on a stock exchange, the shares of the stock of the Corporation shall comply with all direct registration system eligibility requirements established by such exchange, including any requirement that shares of the Corporation's stock be eligible for issue in book-entry form. All issuances and transfers of shares of the Corporation's stock shall be entered on the books of the Corporation with all information necessary to comply with such direct registration system eligibility requirements, including the name and address of the person to whom the shares of stock are issued, the number of shares of stock issued and the date of issue. The Board of Directors shall have the power and authority to make such rules and regulations as it may deem necessary or proper concerning the issue, transfer and registration of shares of stock of the Corporation in both the certificated and uncertificated form.

Section 6.2 Lost, Stolen or Destroyed Certificates. No certificate for shares of stock in the Corporation shall be issued in place of any certificate alleged to have been lost, destroyed or stolen, except on production of such evidence of such loss, destruction or theft and on delivery to the Corporation of a bond of indemnity in such amount, upon such terms and secured by such surety, as the Board of Directors or any financial officer may in its or his or her discretion require.

Section 6.3 Record Owners. The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise required by law.

Section 6.4 Transfer and Registry Agents. The Corporation may from time to time maintain one or more transfer offices or agencies and registry offices or agencies at such place or places as may be determined from time to time by the Board of Directors.

## ARTICLE VII INDEMNIFICATION

Section 7.1 Indemnification.

(A) Each person who was or is made a party or is threatened to be made a party to or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "Proceeding"), by reason of the fact that he or she or a person of whom he or she is the legal representative is or was, at any time during which this By-law is in effect (whether or not

any Proceeding relating thereto exists or is brought), a director or officer of the Corporation or, while a director or officer of the Corporation, is or was serving at the request of the Corporation as a director, officer, trustee, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans maintained or sponsored by the Corporation (hereinafter, a "Covered Person"), whether the basis of such Proceeding is alleged action in an official capacity as a director or officer or while serving as a director, officer, trustee, employee or agent, shall be indemnified and held harmless by the Corporation (and any successor of the Corporation by merger or otherwise) to the fullest extent authorized by the DGCL as the same exists or may hereafter be amended or modified from time to time (but, in the case of any such amendment or modification, only to the extent that such amendment or modification permits the Corporation to provide greater indemnification rights than said law permitted the Corporation to provide prior to such amendment or modification), against all expense, liability and loss (including attorneys' fees, judgments, fines, excise taxes or penalties (including those arising under the Employee Retirement Income Security Act of 1974) and amounts paid or to be paid in settlement) actually and reasonably incurred or suffered by such Covered Person in connection with such Proceeding and such indemnification shall continue as to a person who has ceased to be a director, officer, trustee, employee or agent and shall inure to the benefit of his or her heirs, executors and administrators; provided, however, that except as provided in paragraph (A) of Section 7.3, the Corporation shall not be required to indemnify any such person (or his or her heirs, executors or personal or legal representatives) seeking indemnification in connection with a Proceeding (or part thereof) initiated by such person unless such Proceeding (or part thereof) was authorized or consented to by the Board of Directors.

(B) To obtain indemnification under this By-law, a claimant shall submit to the Corporation a written request, including therein or therewith such documentation and information as is reasonably available to the claimant and is reasonably necessary to determine whether and to what extent the claimant is entitled to indemnification. Upon written request by a claimant for indemnification, a determination, if required by applicable law, with respect to the claimant's entitlement thereto shall be made as follows: (1) if requested by the claimant, by Independent Counsel (as hereinafter defined), or (2) if no request is made by the claimant for a determination by Independent Counsel, (i) by the Board of Directors by a majority vote of a quorum consisting of Disinterested Directors (as hereinafter defined), or (ii) if a quorum of the Board of Directors consisting of Disinterested Directors is not obtainable or, even if obtainable, such quorum of Disinterested Directors so directs, by Independent Counsel in a written opinion to the Board of Directors, a copy of which shall be delivered to the claimant, or (iii) if a quorum of Disinterested Directors so directs, by a majority vote of the stockholders of the Corporation. In the event the determination of entitlement to indemnification is to be made by Independent Counsel, the Independent Counsel shall be selected by the Board of Directors unless there shall have occurred within two years prior to the date of the commencement of the Proceeding for which indemnification is claimed a "Change in Control" as

defined in the AbbVie 2013 Incentive Stock Program, in which case the Independent Counsel shall be selected by the claimant unless the claimant shall request that such selection be made by the Board of Directors. If it is so determined that the claimant is entitled to indemnification, payment to the claimant shall be made within ten (10) days after such determination.

Section 7.2 Mandatory Advancement of Expenses. To the fullest extent authorized by the DGCL as the same exists or may hereafter be amended or modified from time to time (but, in the case of any such amendment or modification, only to the extent that such amendment or modification permits the Corporation to provide greater rights to advancement of expenses than said law permitted the Corporation to provide prior to such amendment or modification), each Covered Person shall have (and shall be deemed to have a contractual right to have) the right, without the need for any action by the Board of Directors, to be paid by the Corporation (and any successor of the Corporation by merger or otherwise) the expenses incurred in connection with any Proceeding in advance of its final disposition, such advances to be paid by the Corporation within twenty (20) days after the receipt by the Corporation of a statement or statements from the claimant requesting such advance or advances from time to time; provided, however, that if the DGCL requires, the payment of such expenses incurred by a director or officer in his or her capacity as a director or officer (and not in any other capacity in which service was or is rendered by such person while a director or officer, including, without limitation, service to an employee benefit plan) shall be made only upon delivery to the Corporation of an undertaking (hereinafter, the "Undertaking") by or on behalf of such director or officer, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right of appeal (a "final disposition") that such director or officer is not entitled to be indemnified for such expenses under this By-law or otherwise.

#### Section 7.3 Claims.

(A) (1) If a claim for indemnification under this Article VII is not paid in full by the Corporation within thirty (30) days after a written claim pursuant to Section 7.1(B) of these By-laws has been received by the Corporation, or (2) if a request for advancement of expenses under this Article VII is not paid in full by the Corporation within twenty (20) days after a statement pursuant to Section 7.2 of these By-laws and the required Undertaking, if any, have been received by the Corporation, the claimant may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim for indemnification or request for advancement of expenses and, if successful in whole or in part, the claimant shall be entitled to be paid also the expense of prosecuting such claim. It shall be a defense to any such action that, under the DGCL, the claimant has not met the standard of conduct which makes it permissible for the Corporation to indemnify the claimant for the amount claimed or that the claimant is not entitled to the requested advancement of expenses, but (except where the required Undertaking, if any, has not been tendered to the Corporation) the burden of proving

such defense shall be on the Corporation. Neither the failure of the Corporation (including its Board of Directors, Independent Counsel or stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he or she has met the applicable standard of conduct set forth in the DGCL, nor an actual determination by the Corporation (including its Board of Directors, Independent Counsel or stockholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.

(B) If a determination shall have been made pursuant to Section 7.1(B) of these By-laws that the claimant is entitled to indemnification, the Corporation shall be bound by such determination in any judicial proceeding commenced pursuant to paragraph (A) of this Section 7.3.

(C) The Corporation shall be precluded from asserting in any judicial proceeding commenced pursuant to paragraph (A) of this Section 7.3 that the procedures and presumptions of this By-law are not valid, binding and enforceable and shall stipulate in such proceeding that the Corporation is bound by all the provisions of this By-law.

#### Section 7.4 Contract Rights; Amendment and Repeal; Non-exclusivity of Rights.

(A) All of the rights conferred in this Article VII, as to indemnification, advancement of expenses and otherwise, shall be contract rights between the Corporation and each Covered Person to whom such rights are extended that vest at the commencement of such Covered Person's service to or at the request of the Corporation and (x) any amendment or modification of this Article VII that in any way diminishes or adversely affects any such rights shall be prospective only and shall not in any way diminish or adversely affect any such rights with respect to any actual or alleged state of facts, occurrence, action or omission occurring prior to the time of such amendment or modification, or Proceeding previously or thereafter brought or threatened based in whole or in part upon any such actual or alleged state of facts, occurrence, action or omission, and (y) all of such rights shall continue as to any such Covered Person who has ceased to be a director or officer of the Corporation or ceased to serve at the Corporation's request as a director, officer, trustee, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, as described herein, and shall inure to the benefit of such Covered Person's heirs, executors and administrators.

(B) All of the rights conferred in this Article VII, as to indemnification, advancement of expenses and otherwise, (i) shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, provision of the Certificate of Incorporation, By-laws, agreement, vote of stockholders or Disinterested Directors or otherwise and (ii) cannot be terminated by the Corporation, the Board of Directors or the stockholders of the Corporation with respect to a person's service prior to the date of such termination.

#### Section 7.5 Insurance, Other Indemnification and Advancement of Expenses.

(A) The Corporation may maintain insurance, at its expense, to protect itself and any current or former director, officer, employee or agent of the Corporation or another

corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the DGCL. To the extent that the Corporation maintains any policy or policies providing such insurance, each such current or former director or officer, and each such agent or employee to which rights to indemnification have been granted as provided in paragraph (B) of this Section 7.5, shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage thereunder for any such current or former director, officer, employee or agent.

(B) The Corporation may, to the extent authorized from time to time by the Board of Directors or the Chief Executive Officer, grant rights to indemnification and rights to advancement of expenses incurred in connection with any Proceeding in advance of its final disposition, to any current or former employee or agent of the Corporation to the fullest extent of the provisions of this By-law with respect to the indemnification and advancement of expenses of current or former directors and officers of the Corporation.

#### Section 7.6 Definitions. For purposes of this By-law:

(A) “Disinterested Director” means a director of the Corporation who is not and was not a party to the matter in respect of which indemnification is sought by the claimant.

(B) “Independent Counsel” means a law firm, a member of a law firm, or an independent practitioner, that is experienced in matters of corporation law and shall include any person who, under the applicable standards of professional conduct then prevailing, would not have a conflict of interest in representing either the Corporation or the claimant in an action to determine the claimant’s rights under this By-law.

Section 7.7 Notice. Any notice, request or other communication required or permitted to be given to the Corporation under this By-law shall be in writing and either delivered in person or sent by telecopy, telex, telegram, overnight mail or courier service, or certified or registered mail, postage prepaid, return receipt requested, to the Secretary of the Corporation and shall be effective only upon receipt by the Secretary.

Section 7.8 Severability. If any provision or provisions of this By-law shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (1) the validity, legality and enforceability of the remaining provisions of this By-law (including, without limitation, each portion of any paragraph of this By-law containing any such provision held to be invalid, illegal or unenforceable, that is not itself held to be invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby; and (2) to the fullest extent possible, the provisions of this By-law (including, without limitation, each such portion of any paragraph of this By-law containing any such provision held to be invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal or unenforceable.

## ARTICLE VIII MISCELLANEOUS PROVISIONS

Section 8.1 Fiscal Year. The fiscal year of the Corporation shall begin on the

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first day of January and end on the thirty-first day of December of each year.

Section 8.2 Dividends. The Board of Directors may from time to time declare, and the Corporation may pay, dividends on its outstanding shares in the manner and upon the terms and conditions provided by law and the Certificate of Incorporation.

Section 8.3 Seal. The corporate seal shall have enscribed thereon the words “Corporate Seal”, the year of incorporation and around the margin thereof the words “AbbVie Inc. - Delaware.”

Section 8.4 Waiver of Notice. Whenever any notice is required to be given to any stockholder or director of the Corporation under the provisions of the DGCL or these By-laws, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. Neither the business to be transacted at, nor the purpose of, any annual or special meeting of the stockholders or the Board of Directors or committee thereof need be specified in any waiver of notice of such meeting.

Section 8.5 Audits. The accounts, books and records of the Corporation shall be audited upon the conclusion of each fiscal year by an independent certified public accountant selected by the Board of Directors, and it shall be the duty of the Board of Directors to cause such audit to be done annually.

Section 8.6 Resignations. Any director or any officer, whether elected or appointed, may resign at any time by giving written notice of such resignation to the Chairman of the Board, the President, or the Secretary, and such resignation shall be deemed to be effective as of the close of business on the date said notice is received by the Chairman of the Board, the President, or the Secretary, or at such later time as is specified therein. No formal action shall be required of the Board of Directors or the stockholders to make any such resignation effective.

## ARTICLE IX CONTRACTS, PROXIES, ETC.

Section 9.1 Contracts. Except as otherwise required by law, the Certificate of Incorporation or these By-laws, any contracts or other instruments may be executed and delivered in the name and on the behalf of the Corporation by such officer or officers of the Corporation as the Board of Directors may from time to time direct. Such authority may be general or confined to specific instances as the Board may determine. The Chairman of the Board, the Chief Executive Officer, any President, and any Executive, Group or Senior Vice President may execute bonds, contracts, deeds, leases and other instruments to be made or executed for or on behalf of the Corporation. Subject to any restrictions imposed by the Board of Directors or the Chairman of the Board, the President or any Vice President of the Corporation may delegate contractual powers to others under his or her jurisdiction, it being understood, however, that any such delegation of power shall not relieve such officer of responsibility with respect to the exercise of such delegated power.

Section 9.2 Proxies. Unless otherwise provided by resolution adopted by the Board of Directors, the Chairman of the Board, the Chief Executive Officer, a President, an Executive,

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Group or Senior Vice President may from time to time appoint an attorney or attorneys or agent or agents of the Corporation, in the name and on behalf of the Corporation, to cast the votes which the Corporation may be entitled to cast as the holder of stock or other securities in any other corporation, any of whose stock or other securities may be held by the Corporation, at meetings of the holders of the stock or other securities of such other corporation, or to consent in writing, in the name of the Corporation as such holder, to any action by such other corporation, and may instruct the person or persons so appointed as to the manner of casting such votes or giving such consent, and may execute or cause to be executed in the name and on behalf of the Corporation and under its corporate seal or otherwise, all such written proxies or other instruments as he or she may deem necessary or proper in the premises.

## ARTICLE X AMENDMENTS

Section 10.1 Amendments. These By-laws may be altered, amended or repealed, in whole or in part, and new By-laws may be adopted (i) by the affirmative vote of the shares representing a majority of the votes entitled to be cast by the Voting Stock; provided, however, that any proposed alteration, amendment or repeal of, or the adoption of any By-law inconsistent with, Section 2.2, 2.12, 3.2, 3.3, 3.10 or 3.11, Article VII or this Article X of these By-laws (in each case, as in effect on the date hereof), by the stockholders shall require the affirmative vote of shares representing not less than eighty percent (80%) of the votes entitled to be cast by the Voting Stock; and provided further, however, that in the case of any such stockholder action at a meeting of stockholders, notice of the proposed alteration, amendment, repeal or adoption of the new By-law or By-laws must be contained in the notice of such meeting, or (ii) by action of the Board of Directors of the Corporation; provided, however, that the case of any such action at a meeting of the Board of Directors, notice of the proposed alteration, amendment, repeal or adoption of the new By-law or By-laws must be given not less than two days prior to the meeting. The provisions of this Section 10.1 are subject to any provisions requiring a greater vote that are set forth in the Certificate of Incorporation.

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## U.S. TRANSITION SERVICES AGREEMENT

BY AND BETWEEN

ABBOTT LABORATORIES

AND

ABBVIE INC.

DATED AS OF DECEMBER 31, 2012

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THIS U.S. TRANSITION SERVICES AGREEMENT, dated as of December 31, 2012, is by and between ABBOTT LABORATORIES, an Illinois corporation ("Abbott"), and ABBVIE INC., a Delaware corporation ("AbbVie").

R E C I T A L S:

WHEREAS, the board of directors of Abbott has determined that it is appropriate and advisable to separate Abbott's research-based pharmaceuticals business from its other businesses;

WHEREAS, in order to effectuate the foregoing, Abbott and AbbVie have entered into a Separation and Distribution Agreement, dated as of November 28, 2012 (the "Separation and Distribution Agreement"), which provides for, among other things, the contribution from Abbott to AbbVie of certain assets, the assumption by AbbVie of certain Liabilities (as defined in the Separation and Distribution Agreement) from Abbott, the distribution by Abbott of AbbVie common stock to Abbott shareholders, and the execution and delivery of certain agreements in order to facilitate and provide for the foregoing, in each case subject to the terms and conditions set forth therein; and

WHEREAS, in order to facilitate and provide for an orderly transition under the Separation and Distribution Agreement, the Parties (as defined herein) desire to enter into this Agreement to set forth the terms and conditions pursuant to which each of the Parties shall provide to the other the Services (as defined herein) for a transitional period.

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained in this Agreement (as defined herein), the Parties hereby agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. Reference is made to Section 9.09 regarding the interpretation of certain words and phrases used in this Agreement. In addition, for the purpose of this Agreement, the following terms shall have the meanings set forth below:

"Abbott" has the meaning set forth in the Preamble.

"Abbott Subsidiary," has the meaning set forth in the Separation and Distribution Agreement.

"AbbVie" has the meaning set forth in the Preamble.

"AbbVie Subsidiary," has the meaning set forth in the Separation and Distribution Agreement.

"Additional Service" has the meaning set forth in Section 2.02(c).

"Affiliate" has the meaning set forth in the Separation and Distribution Agreement.

"Agreement" means this U.S. Transition Services Agreement and each of the Schedules and Exhibits hereto.

"Change of Control" has the meaning set forth in the Separation and Distribution Agreement.

"Charges" has the meaning set forth in Section 2.04.

"Dispute" has the meaning set forth in Section 9.07(a).

"Effective Time" has the meaning set forth in the Separation and Distribution Agreement.

"Excluded Service" has the meaning set forth in Section 2.02(b).

"Force Majeure" has the meaning set forth in the Separation and Distribution Agreement.

"Governmental Authority," has the meaning set forth in the Separation and Distribution Agreement.

"Information" has the meaning set forth in the Separation and Distribution Agreement.

"Initial Services" has the meaning set forth in Section 2.01.

"Interest Payment" has the meaning set forth in Section 4.02.

"Law" has the meaning set forth in the Separation and Distribution Agreement.

"Liabilities" has the meaning set forth in the Separation and Distribution Agreement.

"Notice" means any written notice, request, demand or other communication specifically referencing this Agreement and given in accordance with Section 9.17.

"Omitted Service" has the meaning set forth in Section 2.02(a).

"Parties" means the parties to this Agreement.

"Person" has the meaning set forth in the Separation and Distribution Agreement.

"Personal Data" means data that can be used by itself or in combination with other available data to identify a specific individual.

"Prime Rate" has the meaning set forth in the Separation and Distribution Agreement.

"Privileged Information" has the meaning set forth in the Separation and Distribution Agreement.

"Proceeding" has the meaning set forth in the Separation and Distribution Agreement.

"Provider" means, with respect to any Service, the entity or entities identified on the applicable subsection of Schedule 1 hereto as the "Service Provider."

“Provider Indemnitees” has the meaning set forth in Section 7.03.

“Recipient” means, with respect to any Service, the entity or entities identified on the applicable subsection of Schedule 1 hereto as the “Service Recipient.”

“Reinstated Service” has the meaning set forth in Section 2.02(b).

“Representatives” has the meaning set forth in the Separation and Distribution Agreement.

“Separation and Distribution Agreement” has the meaning set forth in the Recitals.

“Service Baseline Period” has the meaning set forth in Section 2.03(c).

“Service Extension” has the meaning set forth in Section 5.04(a).

“Service Period” means, with respect to any Service, the period commencing on the later of (a) the Effective Time and (b) the date on which any Omitted Service, Excluded Service or Additional Service becomes a “Service” pursuant to the terms of this Agreement, and ending on the earlier of (i) the date the Recipient terminates the provision of such Service pursuant to Section 5.02, and (ii) the termination date (measured as the number of months from the Effective Time) specified with respect to such Service on the subsection of Schedule 1 hereto applicable to such Service, unless extended pursuant to Section 5.04.

“Services” means the Initial Services, Omitted Services, Reinstated Services and Additional Services.

“Subsidiary” has the meaning set forth in the Separation and Distribution Agreement.

“Tax” has the meaning set forth in the Separation and Distribution Agreement.

“Tax Authority” has the meaning set forth in the Separation and Distribution Agreement.

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“Third Party” has the meaning set forth in the Separation and Distribution Agreement.

“Transition Committee” has the meaning set forth in the Separation and Distribution Agreement.

## ARTICLE II

### SERVICES

Section 2.01. Initial Services. Commencing as of the Effective Time, the Provider agrees to provide, or to cause one of its Subsidiaries to provide, to the Recipient, or any Subsidiary of the Recipient, the applicable services (the “Initial Services”) set forth on each of the subsections of Schedule 1 hereto.

Section 2.02. Omitted Services; Excluded Services; Additional Services.

(a) If, following the Effective Time and during the term of this Agreement, a Party identifies a service that, prior to the Effective Time, the other Party or any of its Subsidiaries provided to the identifying Party or any of its Subsidiaries, but such service was inadvertently omitted from the Services set forth on Schedule 1 hereto (each such service, an “Omitted Service”), then the other Party shall use commercially reasonable efforts to provide, or to cause one of its Subsidiaries to provide, any such Omitted Service to the identifying Party and its Subsidiaries; provided that the other Party shall not be obligated to provide any Omitted Service if it does not, in its reasonable judgment, have adequate resources to provide such Omitted Service or if the provision of such Omitted Service would significantly disrupt the operation of its businesses. The Parties shall cooperate and act in good faith to create a supplemental subsection of Schedule 1 hereto for each Omitted Service in the form attached hereto as Exhibit A and amend Schedule 1 hereto to include the Omitted Service. Each supplemental subsection of Schedule 1 hereto, as agreed to in writing by the Parties, shall be deemed part of this Agreement as of the date of such agreement and the Omitted Services set forth therein shall be deemed “Services” provided under this Agreement, in each case subject to the terms and conditions of this Agreement.

(b) If, following the Effective Time and during the term of this Agreement, a Party identifies a service that, prior to the Effective Time, the other Party or any of its Subsidiaries provided to the identifying Party or any of its Subsidiaries, but the Parties had mutually agreed that such service would not be provided under the terms of this Agreement (each such service, an “Excluded Service”), then the Parties shall cooperate and act in good faith to determine whether the other Party shall provide such Excluded Service to the identifying Party or any of its Subsidiaries under the terms of this Agreement. If the Parties determine that the other Party shall provide such Excluded Service to the identifying Party (each such Excluded Service, a “Reinstated Service”), then the Parties shall cooperate and act in good faith to create a supplemental subsection of Schedule 1 hereto for each Reinstated Service in the form attached hereto as Exhibit A and amend Schedule 1 hereto to include the Reinstated Service. Each supplemental subsection of Schedule 1 hereto, as agreed in writing by the Parties, shall be deemed part of this Agreement as of the date of such agreement and the Reinstated Services set

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forth therein shall be deemed “Services” provided under this Agreement, in each case subject to the terms and conditions of this Agreement.

(c) If, following the Effective Time and during the term of this Agreement, a Party identifies a service, other than an Omitted Service or an Excluded Service, that it desires for the other Party or any of its Subsidiaries to provide to the identifying Party or any of its Subsidiaries (each such service, an “Additional Service”), then the other Party shall consider such request; provided that nothing shall require the other Party to provide such Additional Service to the identifying Party. If the other Party consents to providing an Additional Service to the identifying Party, then the Parties shall cooperate and act in good faith to create a supplemental subsection of Schedule 1 hereto for each such Additional Service in the form attached hereto as Exhibit A and amend Schedule 1 hereto to include the Additional Service. Each supplemental subsection of Schedule 1 hereto, as agreed to in writing by the Parties, shall be deemed part of this Agreement as of the date of such agreement and the Additional Services set forth therein shall be deemed “Services” provided under this Agreement, in each case subject to the terms and conditions of this Agreement.

Section 2.03. Performance of Services.

(a) The Provider shall perform and cause its Subsidiaries to perform all Services to be provided by the Provider in a manner that is based on its past practice and that is substantially similar in nature, quality and timeliness to the analogous services provided by Abbott or any of its Subsidiaries to Abbott or its applicable functional group or Subsidiary prior to the Effective Time. The Provider shall, and shall cause its Subsidiaries to, perform its duties and responsibilities hereunder in good faith. The Services shall be performed by the Provider and its Subsidiaries in the United States and Puerto Rico.

(b) Nothing in this Agreement shall require the Provider to perform or cause to be performed any Service to the extent the manner of such performance would constitute a violation of applicable Laws, the Abbott Code of Business Conduct or any existing contract or agreement with a Third Party. If the Provider is or becomes aware of any potential violation on the part of the Provider, the Provider shall use commercially reasonable efforts to promptly send a Notice to the Recipient of any such potential violation. The Parties each agree to cooperate and use commercially reasonable efforts to obtain any necessary Third Party consents required under any existing contract or agreement with a Third Party to allow the Provider to perform or cause to be performed any Service in accordance with the standards set forth in this Section 2.03(b). Any costs and expenses incurred by any Party or any of its Subsidiaries in connection with obtaining any such Third Party consent that is required to allow the Provider to perform or cause to be performed (i) any Service (other than an Additional Service) shall be split between the Provider and the Recipient in accordance with such Parties’ respective utilization of the applicable Service at such time (except with respect to fees imposed by Third Parties to allow joint participation by the Provider and the Recipient under information technology contracts and licenses, which fees shall be split equally between the Provider and the Recipient) and (ii) any Additional Service shall be solely the responsibility of the Recipient. If, with respect to a Service, the Parties, despite the use of such commercially reasonable efforts, are unable to obtain a required Third Party consent or the performance of such Service by the Provider would continue to constitute a violation of applicable Laws or the Abbott Code of Business Conduct,

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the Provider shall use commercially reasonable efforts in good faith to provide such Services in a manner as closely as possible to the standards described in this Section 2.03 that would apply absent the exception provided for in the first sentence of this Section 2.03(b).

(c) The Provider shall not be obligated to perform or to cause to be performed any Service in a volume or quantity in any calendar year that exceeds the highest volumes or quantities of analogous services provided to Abbott or its applicable functional group or Subsidiary during calendar year 2012, as set forth in the 2012 plan (without reference to the transactions contemplated by the Separation and Distribution Agreement) (the “Service Baseline Period”). If the Recipient requests that the Provider perform or cause to be performed any Service in a volume or quantity that exceeds the highest volumes or quantities of analogous services that were provided to Abbott or its applicable functional group or Subsidiary during the Service Baseline Period, then: (i) if such higher volume or quantity results from fluctuations occurring in the ordinary course of business of the Recipient, the Provider shall use commercially reasonable efforts to provide such requested higher volume or quantity; and (ii) if such higher volume or quantity

results from any other source, including an acquisition, merger, purchase or other business combination by the Recipient, the Parties shall cooperate and act in good faith to determine whether the Provider will be required to provide such requested higher volume or quantity. If the Parties determine that the Provider shall provide the requested higher volume or quantity then such higher volume or quantity shall be documented in a written agreement signed by the Parties. Each amended subsection of Schedule 1 hereto, as agreed to in writing by the Parties, shall be deemed part of this Agreement as of the date of such agreement and the volume or quantity increases set forth in such written agreement shall be deemed a part of the "Services" provided under this Agreement, in each case subject to the terms and conditions of this Agreement.

(d) (i) Neither the Provider nor any of its Subsidiaries shall be required to perform or to cause to be performed any of the Services for the benefit of any Third Party or any other Person other than the Recipient or its Subsidiaries, and (ii) EXCEPT AS EXPRESSLY PROVIDED IN THIS SECTION 2.03, EACH PARTY ACKNOWLEDGES AND AGREES THAT ALL SERVICES AND PRODUCTS ARE PROVIDED ON AN "AS-IS" BASIS, THAT THE RECIPIENT ASSUMES ALL RISK AND LIABILITY ARISING FROM OR RELATING TO ITS USE OF AND RELIANCE UPON THE SERVICES, AND THAT THE PROVIDER MAKES NO OTHER REPRESENTATIONS OR GRANTS ANY WARRANTIES, EXPRESS OR IMPLIED, EITHER IN FACT OR BY OPERATION OF LAW, BY STATUTE OR OTHERWISE, WITH RESPECT TO THE SERVICES AND PRODUCTS. EACH PARTY SPECIFICALLY DISCLAIMS ANY OTHER WARRANTIES, WHETHER WRITTEN OR ORAL, OR EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF QUALITY, MERCHANTABILITY, OR FITNESS FOR A PARTICULAR USE OR PURPOSE OR THE NON-INFRINGEMENT OF ANY INTELLECTUAL PROPERTY RIGHTS OF THIRD PARTIES.

(e) Each Party shall be responsible for its own compliance with any and all Laws applicable to its performance under this Agreement. No Party shall knowingly take any action in violation of any such applicable Law that results in Liability being imposed on the other Party.

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Section 2.04. Charges for Services. The Recipient shall pay the Provider of such Services a monthly fee for the Services (or category of Services, as applicable) (each fee constituting a "Charge" and, collectively, "Charges"), which Charges shall be agreed to by the Parties from time to time. During the term of this Agreement, the amount of a Charge for any Services may adjust to the extent of: (a) any adjustments mutually agreed to by the Parties; (b) any Charges applicable to any Omitted Services, Reinstated Services or Additional Services; and (c) in accordance with Section 2.08, any proportional adjustment in the rates or charges imposed by any Third Party provider that is providing Services. Together with any monthly invoice for Charges, the Provider shall provide the Recipient with reasonable documentation, including any additional documentation reasonably requested by the Recipient to the extent such documentation is in the Provider's or its Subsidiaries' possession or control, to support the calculation of such Charges.

Section 2.05. Reimbursement for Out-of-Pocket Expenses. The Recipient shall reimburse the Provider for reasonable out-of-pocket costs and expenses incurred by the Provider or any of its Subsidiaries in connection with providing the Services (including reasonable travel-related expenses) to the extent that such costs and expenses are not reflected in the Charges for such Services; provided, however, that any such cost or expense not consistent with historical practice between the Parties for any Service (including business travel and related expenses) shall require advance approval of the Recipient. Any authorized travel-related expenses incurred in performing the Services shall be incurred and charged to the Recipient in accordance with the Provider's then applicable business travel policies.

Section 2.06. Changes to Services.

(a) Except as provided in Section 2.08 and subject to the performance standards set forth in this Article II, the Provider may make changes from time to time in the manner of performing the Services if the Provider is making similar changes in performing analogous services for itself and if the Provider furnishes to the Recipient reasonable prior Notice (in content and timing) respecting such changes; provided, however, that the Provider may not modify any of its accounting policies or its foreign exchange rate setting process as defined in the B.2.0 policy that would directly or indirectly impact the Services without the prior written consent of the Recipient (such consent not to be unreasonably withheld or delayed). No such change shall affect the timeliness or quality of, or the Charges for, the applicable Service. If any such change by the Provider reasonably requires the Recipient to incur incremental costs and expenses in order to continue to receive and utilize the applicable Services in the same manner as the Recipient was receiving and utilizing such Service prior to such change, the Provider shall be required to reimburse the Recipient for all such reasonable costs and expenses. Upon request, the Recipient shall provide the Provider with reasonable documentation, including any additional documentation reasonably requested by the Provider to the extent such documentation is in the Recipient's or its Subsidiaries' possession or control, to support the calculation of such incremental costs and expenses.

(b) AbbVie acknowledges that it has received a copy of Abbott's B.2.0 internal calendar for 2013 from Abbott. Prior to the commencement of each subsequent calendar year during the term of this Agreement, Abbott shall make available to AbbVie a copy of Abbott's B.2.0 internal calendar for such calendar year (and AbbVie may request the same of

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Abbott if Abbott has not made such copy available to AbbVie prior to the commencement of the applicable subsequent calendar year).

(c) Prior to 12:00 p.m. Central Time on the B.2.0 day of each calendar month during the term of this Agreement, Abbott shall make available to AbbVie a copy of Abbott's foreign exchange rates determined in accordance with Abbott's B.2.0 policy for such calendar month (and AbbVie may request the same of Abbott if Abbott has not made such copy available to AbbVie prior to 12:00 p.m. Central Time on the B.2.0 day of the applicable calendar month).

Section 2.07. Transitional Nature of Services. The Parties acknowledge the transitional nature of the Services and agree to cooperate in good faith and to use commercially reasonable efforts to effectuate a smooth transition of the Services from the Provider to the Recipient (or its designee).

Section 2.08. Use of Third Parties to Provide Services. The Provider may perform its obligations to provide a Service through agents, subcontractors or independent contractors, provided that the delegation of performance of the applicable Service does not impact the timeliness or quality of such Service, in accordance with the following:

(a) Provider is Currently Using Third Parties as of the Effective Time. If, as of the Effective Time, (i) the Provider is obtaining analogous services for itself from agents, subcontractors or independent contractors, or (ii) the Provider is obtaining services from agents, subcontractors or independent contractors which services the Provider shall only provide to the Recipient under this Agreement and the Provider shall not otherwise require such analogous services for itself during the term of this Agreement, then the Charges for the applicable Services the Provider is obtaining from such Third Parties may be adjusted proportionally by the Provider pursuant to Section 2.04(c) to reflect any adjustment in the rates or charges imposed by the Third Party that is providing such Services; or

(b) Provider Elects to Switch to Third Parties After the Effective Time.

(i) If, following the Effective Time, the Provider elects to obtain analogous services for itself from agents, subcontractors or independent contractors (A) the Provider shall furnish to the Recipient reasonable prior Notice (in content and timing) respecting such use of Third Parties, and (B) the Charges for the applicable Services the Provider is obtaining from such Third Parties may be adjusted proportionally by the Provider pursuant to Section 2.04(c) to reflect any adjustment in the rates or charges imposed by the Third Party that is providing such Services; and

(ii) If, however, following the Effective Time, the Provider is not obtaining analogous services for itself from agents, subcontractors or independent contractors (A) the Provider shall furnish to the Recipient reasonable prior Notice (in content and timing) respecting such use of Third Parties, and (B) the Charges for the applicable Services the Provider is providing through such Third Parties appointed following the Effective Time may not be adjusted by the Provider as a result of any adjustments in the rates or charges imposed by such Third Parties.

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Notwithstanding the foregoing, the Provider shall not be relieved of its obligations under this Agreement by use of such agents, subcontractors or independent contractors.

### ARTICLE III

#### OTHER ARRANGEMENTS

Section 3.01. Access.

(a) AbbVie shall, and shall cause its Subsidiaries to, allow Abbott and its Subsidiaries and their respective Representatives reasonable access to the facilities of AbbVie and its Subsidiaries that is necessary for Abbott and its Subsidiaries to fulfill their obligations under this Agreement. In addition to the foregoing right of access, AbbVie shall, and shall cause its Subsidiaries to, afford Abbott, its Subsidiaries and their respective Representatives, upon reasonable advance notice, reasonable access during normal business hours to the facilities, Information, systems, infrastructure and personnel of AbbVie and its Subsidiaries as reasonably necessary for Abbott to verify the adequacy of internal controls over information technology, reporting of financial data and related processes employed in connection with the Services being provided by AbbVie or its Subsidiaries, including in connection with verifying compliance with Section 404 of the Sarbanes-Oxley Act of 2002; provided that (i) such access shall not unreasonably interfere with any of the business or operations of AbbVie or any of its Subsidiaries and (ii) in the event that AbbVie determines that providing such access could be commercially detrimental, violate any Law or agreement, or waive any attorney-client privilege, then the Parties shall use commercially reasonable efforts to permit such access in a manner that avoids any such harm or consequence. Abbott agrees that all of its and its Subsidiaries' employees shall, and that it shall use commercially reasonable efforts to cause its Representatives' employees to, when on the property of AbbVie and its Subsidiaries, or when given access to any facilities, Information, systems, infrastructure or personnel of AbbVie and its Subsidiaries, conform to the policies and procedures of AbbVie and any of its Subsidiaries, as applicable, concerning health, safety, conduct and security which are made known to Abbott from time to time.

(b) Abbott shall, and shall cause its Subsidiaries to, allow AbbVie and its Subsidiaries and their respective Representatives reasonable access to the facilities of Abbott and its Subsidiaries that is necessary for AbbVie and its Subsidiaries to fulfill their obligations under this Agreement. In addition to the foregoing right of access, Abbott shall, and shall cause its Subsidiaries to, afford AbbVie, its Subsidiaries and their respective Representatives, upon reasonable advance notice, reasonable access during normal business hours to the facilities, Information, systems, infrastructure, and personnel of Abbott and its Subsidiaries as reasonably necessary for AbbVie to verify the adequacy of internal controls over information technology, reporting of financial data and related processes employed in connection with the Services being provided by Abbott or its Subsidiaries, including in connection with verifying compliance with Section 404 of the Sarbanes-Oxley Act of 2002; provided that (i) such access shall not unreasonably interfere with any of the business or operations of Abbott or any of its Subsidiaries and (ii) in the event that Abbott determines that providing such access could be commercially detrimental, violate any Law or agreement, or waive any attorney-client privilege, then the Parties shall use commercially reasonable efforts to permit such access in a manner that avoids

any such harm or consequence. AbbVie agrees that all of its and its Subsidiaries' employees shall, and that it shall use commercially reasonable efforts to cause its Representatives' employees to, when on the property of Abbott and its Subsidiaries, or when given access to any facilities, Information, systems, infrastructure or personnel of Abbott and its Subsidiaries, conform to the policies and procedures of Abbott and any of its Subsidiaries, as applicable, concerning health, safety, conduct and security which are made known to AbbVie from time to time.

#### ARTICLE IV

##### BILLING; TAXES

Section 4.01. Procedure. Charges for the Services shall be charged to and payable by the Recipient. Amounts payable pursuant to the terms of this Agreement shall be paid by wire transfer (or such other method of payment as may be agreed between the Parties) to the Provider, as directed by the Provider, on a monthly basis, which amounts shall be due within sixty (60) days after the date of invoice. All amounts due and payable hereunder shall be invoiced and paid in U.S. dollars.

Section 4.02. Late Payments. Charges not paid when due pursuant to this Agreement (and any amounts billed or otherwise invoiced or demanded and properly payable that are not paid within sixty (60) days of the date of such bill, invoice or other demand) shall accrue interest at a rate per annum equal to the Prime Rate plus 2%, or the maximum legal rate, whichever is lower (the "Interest Payment").

Section 4.03. Taxes. Without limiting any provisions of this Agreement, the Recipient shall bear any and all Taxes and other similar charges (and any related interest and penalties) imposed on, or payable with respect to, any fees or charges, including any Charges, payable by it pursuant to this Agreement, including all sales, use, value-added, and similar Taxes, but excluding Taxes based on the Provider's net income. Notwithstanding anything to the contrary in the previous sentence or elsewhere in this Agreement, the Recipient shall be entitled to withhold from any payments to the Provider any such Taxes that the Recipient is required by Law to withhold and shall pay such Taxes to the applicable Tax Authority.

Section 4.04. No Set-Off. Except as mutually agreed to in writing by Abbott and AbbVie, no Party or any of its Affiliates shall have any right of set off or other similar rights with respect to (a) any amounts received pursuant to this Agreement; or (b) any other amounts claimed to be owed to the other Party or any of its Subsidiaries arising out of this Agreement.

#### ARTICLE V

##### TERM AND TERMINATION

Section 5.01. Term. This Agreement shall commence at the Effective Time and shall terminate upon the earlier to occur of: (a) the last date on which either Party is obligated to provide any Service to the other Party in accordance with the terms of this Agreement; or (b) the mutual written agreement of the Parties to terminate this Agreement in its entirety. Unless

otherwise terminated pursuant to Section 5.02, this Agreement shall terminate with respect to any Service at the close of business on the last day of the Service Period for such Service. To the extent that the Provider's ability to provide a Service is dependent on the continuation of a specified Service, the Provider's obligation to provide such dependent Service shall terminate automatically with the termination of such supporting Service.

##### Section 5.02. Early Termination.

(a) Without prejudice to the Recipient's rights with respect to a Force Majeure, the Recipient may from time to time terminate this Agreement with respect to the entirety of any individual Service but not a portion thereof:

(i) for any reason or no reason, upon the giving of an advance Notice to the Provider of such Service not less than the shorter of (A) one hundred eighty (180) days, or (B) one-half the original Service Period for such Service; provided, however, that any such termination may only be effective as of the last day of a month; or

(ii) if the Provider of such Service has failed to perform any of its material obligations under this Agreement with respect to such Service, and such failure shall continue to exist forty five (45) days after receipt by the Provider of Notice of such failure from the Recipient; provided, however, that any such termination may only be effective as of the last day of a month; and provided, further, that the Recipient shall not be entitled to terminate the Agreement with respect to the applicable Service if, as of the end of such forty five (45)-day period, there remains a good faith Dispute between the Parties (undertaken in accordance with the terms of Section 9.07) as to whether the Provider has cured the applicable breach.

(b) The Provider may terminate this Agreement with respect to any individual Service, but not a portion thereof, at any time upon prior Notice to the Recipient if the Recipient has failed to perform any of its material obligations under this Agreement relating to such Services, including making payment of Charges for such Service when due, and such failure shall continue uncured for a period of forty five (45) days after receipt by the Recipient of a Notice of such failure from the Provider; provided, however, that any such termination may only be effective as of the last day of a month; and provided, further, that the Provider shall not be entitled to terminate the Agreement with respect to the applicable Service if, as of the end of such forty five (45)-day period, there remains a good faith Dispute between the Parties (undertaken in accordance with the terms of Section 9.07) as to whether the Recipient has cured the applicable breach. The relevant subsection of Schedule 1 hereto shall be updated to reflect any terminated Service.

Section 5.03. Reduction of Services. The Recipient may from time to time request a reduction in part of the scope or amount of any Service; provided that any such reduction may only take effect as of the end of a month. If requested to do so by the Recipient, the Parties shall discuss in good faith appropriate adjustments to the relevant Charges in light of all relevant factors. If, after such discussions, the Parties do not approve any requested reduction of the scope or amount of any Service and the relevant Charges in connection therewith, then (a) there shall be no change to the Charges under this Agreement and (b) unless the Parties otherwise agree in writing, there shall be no change to the scope or amount of any Services under this

Agreement. If, after such discussions, the Parties agree to any reduction of Service, such reduction of Service shall be documented in a written agreement executed by the Parties. Additionally, in connection with any such reduction of Service, the Parties may agree to an appropriate reduction to the Charges related to the applicable reduced Service.

##### Section 5.04. Extension of Services.

(a) The Recipient may request to extend the Service Period of any Service (each such extension, a "Service Extension") one time for each Service (unless the Parties otherwise agree) by providing the Provider of such Service with advance Notice not less than the shorter of (i) one hundred eighty (180) days, or (ii) one-half of the original Service Period for such Service.

(b) If the Recipient is requesting a Service Extension for a particular Service for the first time and the requested Service Extension is for a period of twelve (12) months or less past the originally scheduled expiration of the Service Period for the applicable Service, then the Provider shall be obligated to provide such requested Service Extension and the Parties shall in good faith (i) negotiate the terms of an amendment to the applicable subsection of Schedule 1 hereto, which amendment shall be consistent with the terms of the applicable Service, and (ii) determine the costs and expenses (which shall not include any Charges payable under this Agreement), if any, that would be incurred by the Provider or the Recipient, as the case may be, in connection with the provision of such Service Extension, which costs and expenses shall be borne solely by the Recipient. If (A) the requested Service Extension is for a period of longer than twelve (12) months past the originally scheduled expiration of the Service Period for the applicable Service or (B) the Recipient has previously requested a Service Extension for the particular Service that the Recipient is currently requesting a Service Extension, then the Parties shall cooperate and act in good faith to determine whether the Provider shall provide the applicable Service for the requested Service Extension period. If the Parties determine that the Provider shall provide such Service during the requested Service Extension period, then the Parties shall in good faith (1) negotiate the terms of an amendment to the applicable subsection of Schedule 1 hereto, which amendment shall be consistent with the terms of the applicable Service, and (2) determine the costs and expenses (which shall not include any Charges payable under this Agreement), if any, that would be incurred by the Provider or the Recipient, as the case may be, in connection with the provision of such Service Extension, which costs and expenses shall be borne solely by the Recipient. Each amended subsection of Schedule 1 hereto, as agreed to in writing by the Parties, shall be deemed part of this Agreement as of the date of such agreement and any Services provided pursuant to such Service Extensions shall be deemed "Services" provided under this Agreement, in each case subject to the terms and conditions of this Agreement.

Section 5.05. Interdependencies. The Parties acknowledge and agree that (i) there may be interdependencies among the Services being provided under this Agreement, (ii) upon the request of either Party, the Parties shall cooperate and act in good faith to determine whether (A) any such interdependencies exist with respect to the particular Service that a Party is seeking to terminate, reduce part of the scope or amount of, or extend, as applicable, in accordance with Section 5.02, Section 5.03 or Section 5.04, respectively, and (B) in the case of a termination or reduction, the Provider's ability to provide a particular Service in accordance with this

Agreement would be materially and adversely affected by such termination, or reduction in part of the scope or amount, of another Service, as applicable, in accordance with Section 5.02 or Section 5.03, respectively, prior to the expiration of the period of the maximum duration for such Service, and (iii) in the event that the Parties have determined that such interdependencies exist (and, in the case of a termination or reduction, as applicable, that the Provider's ability to provide a particular Service in accordance with this Agreement would be materially and adversely affected by the termination, or reduction in part of the scope or amount, of another Service, as applicable, in accordance with Section 5.02 or Section 5.03, respectively, prior to the expiration of the period of the maximum duration for such Service), the Parties shall negotiate in good faith to amend Schedule 1 hereto relating to the termination dates of such impacted Service, which amendment shall be consistent with the terms of comparable Services.

Section 5.06. Effect of Termination. Upon the termination of any Service pursuant to this Agreement, the Provider of the terminated Service shall have no further obligation to provide the terminated Service, and the Recipient shall have no obligation to pay any future Charges relating to any such Service; provided, however, that the Recipient shall remain obligated to the Provider for the Charges owed and payable in respect of Services provided prior to the effective date of termination for such Service. In connection with the termination of any Service, the provisions of this Agreement not relating solely to such terminated Service shall survive any such termination, and in connection with a termination of this Agreement, Article I, this Article V, Article VII and Article IX, all confidentiality obligations under this Agreement and Liability for all due and unpaid Charges, shall continue to survive indefinitely.

Section 5.07. Information Transmission. The Provider, on behalf of itself and its respective Subsidiaries, shall use commercially reasonable efforts to provide or make available, or cause to be provided or made available, to the Recipient, in accordance with Section 6.01(a) of the Separation and Distribution Agreement, any Information received or computed by the Provider for the benefit of the Recipient concerning the relevant Service during the Service Period; provided, however, that, except as otherwise agreed to in writing by the Parties (a) the Provider shall not have any obligation to provide or cause to provide Information in any non-standard format, (b) the Provider and its Subsidiaries shall be reimbursed for their reasonable costs in accordance with Section 6.01(c) of the Separation and Distribution Agreement for creating, gathering, copying, transporting and otherwise providing such Information, and (c) the Provider shall use commercially reasonable efforts to maintain any such Information in accordance with Section 6.03 of the Separation and Distribution Agreement.

## ARTICLE VI

### CONFIDENTIALITY; PROTECTIVE ARRANGEMENTS

Section 6.01. Abbott and AbbVie Obligations. Subject to Section 6.04, Abbott, on behalf of itself and each of the Abbott Subsidiaries, and AbbVie, on behalf of itself and each of the AbbVie Subsidiaries, agrees to hold, and to cause its respective Representatives to hold, in strict confidence, with at least the same degree of care that applies to Abbott's confidential and proprietary information pursuant to policies in effect as of the Effective Time, all confidential and proprietary information concerning the other Party (or its business) and the other Party's Subsidiaries (or their respective businesses) that is either in its possession (including confidential

and proprietary information in its possession prior to the Effective Time) or furnished by the other Party or the other Party's Subsidiaries or their respective Representatives at any time pursuant to this Agreement, and shall not use any such confidential and proprietary information other than for such purposes as may be expressly permitted hereunder, except, in each case, to the extent that such confidential and proprietary information has been (a) in the public domain or generally available to the public, other than as a result of a disclosure by such Party or any of its Subsidiaries or any of their respective Representatives in violation of this Agreement; (b) later lawfully acquired from other sources by such Party or any of its Subsidiaries, which sources are not themselves bound by a confidentiality obligation or other contractual, legal or fiduciary obligation of confidentiality with respect to such confidential and proprietary information; or (c) independently developed or generated without reference to or use of the respective proprietary or confidential information of the other Party or any of its Subsidiaries. If any confidential and proprietary information of Abbott or any of its Subsidiaries is disclosed to AbbVie or any of its Subsidiaries in connection with providing the Services, then such disclosed confidential and proprietary information shall be used only as required to perform the Services. If any confidential and proprietary information of AbbVie or any of its Subsidiaries is disclosed to Abbott or any of its Subsidiaries in connection with providing the Services, then such disclosed confidential and proprietary information shall be used only as required to perform such Services.

Section 6.02. No Release. Each Party agrees (a) not to release or disclose, or permit to be released or disclosed, any information addressed in Section 6.01 to any other Person, except its Representatives who need to know such information in their capacities as such, and except in compliance with Section 6.04 and (b) to use commercially reasonable efforts to maintain any such information in accordance with Section 6.03 of the Separation and Distribution Agreement.

Section 6.03. Third Party Information; Privacy and Data Protection Laws. Each Party acknowledges that it and its respective Subsidiaries may presently have and, following the Effective Time, may gain access to or possession of confidential or proprietary information of, or personal information relating to, Third Parties (a) that was received under confidentiality or non-disclosure agreements entered into between such Third Parties, on the one hand, and another Party or another Party's Subsidiaries, on the other hand, prior to the Effective Time; or (b) that, as between the Parties, was originally collected by another Party or another Party's Subsidiaries and that may be subject to and protected by privacy, data protection or other applicable Laws. As provided in more detail in a data protection agreement to be entered into between Abbott and AbbVie as of the Effective Time, each Party agrees that it shall hold, protect and use, and shall cause its Subsidiaries and its and their respective Representatives to hold, protect and use, in strict confidence the confidential and proprietary information of, or personal information relating to, Third Parties in accordance with privacy, data protection or other applicable Laws and the terms of any agreements that were either entered into before the Effective Time or affirmative commitments or representations that were made before the Effective Time by, between or among such other Party or such other Party's Subsidiaries, on the one hand, and such Third Parties, on the other hand.

Section 6.04. Protective Arrangements. In the event that either Party or any of its Affiliates is requested or required (by oral question, interrogatories, requests for information or documents, subpoena, civil investigative demand or similar process) by any Governmental Authority or pursuant to applicable Law to disclose or provide any confidential or proprietary

information of the other Party that is subject to the confidentiality provisions hereof, or to disclose or provide any Personal Data that it processes on behalf of the other Party in accordance with the data protection agreement to be entered into between Abbott and AbbVie as of the Effective Time, such Party shall, unless prohibited by such request or requirement of the applicable Governmental Authority or under applicable Law, provide the other Party with Notice of such request or demand as promptly as practicable under the circumstances so that such other Party shall have an opportunity to seek an appropriate protective order, at such other Party's own cost and expense. In the event that such other Party fails to receive such appropriate protective order in a timely manner and the Party receiving the request or demand reasonably determines that its failure to disclose or provide such information shall actually prejudice the Party receiving the request or demand, then the Party that received such request or demand may thereafter disclose or provide information to the extent required by such Law (as so advised by counsel) or by lawful process or such Governmental Authority.

## ARTICLE VII

### LIMITED LIABILITY AND INDEMNIFICATION

Section 7.01. Limitations on Liability.

(a) SUBJECT TO SECTION 7.02, THE LIABILITIES OF THE PROVIDER AND ITS SUBSIDIARIES AND THEIR RESPECTIVE REPRESENTATIVES, COLLECTIVELY, UNDER THIS AGREEMENT FOR ANY ACT OR FAILURE TO ACT IN CONNECTION HERewith (INCLUDING THE PERFORMANCE OR BREACH OF THIS AGREEMENT), OR FROM THE SALE, DELIVERY, PROVISION OR USE OF ANY SERVICES PROVIDED UNDER OR CONTEMPLATED BY THIS AGREEMENT, WHETHER IN CONTRACT, TORT (INCLUDING NEGLIGENCE AND STRICT LIABILITY) OR OTHERWISE, SHALL NOT EXCEED THE PROVIDER'S PROFITS FOR PERFORMING SERVICES HEREUNDER, WHICH SHALL BE DEEMED TO BE EQUAL TO THE AMOUNT OF THE MARK-UP RECEIVED BY THE PROVIDER DURING THE PREVIOUS TWELVE (12) MONTH PERIOD.

(b) IN NO EVENT SHALL EITHER PARTY, ITS SUBSIDIARIES OR THEIR RESPECTIVE REPRESENTATIVES BE LIABLE TO THE OTHER PARTY FOR INDIRECT, EXEMPLARY, INCIDENTAL, CONSEQUENTIAL OR PUNITIVE DAMAGES IN CONNECTION WITH THE PERFORMANCE OF THIS AGREEMENT, EVEN IF THE PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, AND EACH PARTY HEREBY WAIVES ON BEHALF OF ITSELF, ITS SUBSIDIARIES AND ITS REPRESENTATIVES ANY CLAIM FOR SUCH DAMAGES, INCLUDING ANY CLAIM FOR PROPERTY DAMAGE OR LOST PROFITS, WHETHER ARISING IN CONTRACT, TORT OR OTHERWISE.

(c) The foregoing limitations on Liability in this Section 7.01 shall not apply to either Party's Liability for breaches of confidentiality under Article VI or either Party's obligations under Section 7.03.

(d) The limitations in [Section 7.01\(a\)](#), and [Section 7.01\(b\)](#) shall not apply in respect of any Liability arising out of or in connection with the gross negligence, willful misconduct, or fraud of or by the Party to be charged.

Section 7.02. **Obligation to Re-Perform; Liabilities.** In the event of any breach of this Agreement by the Provider with respect to the provision of any Services (with respect to which the Provider can reasonably be expected to re-perform in a commercially reasonable manner), the Provider shall (a) promptly correct in all material respects such error, defect or breach or re-perform in all material respects such Services at the request of the Recipient and at the sole cost and expense of the Provider and (b) subject to the limitations set forth in [Section 7.01](#), reimburse the Recipient and its Subsidiaries and Representatives for Liabilities attributable to such breach by the Provider. The remedy set forth in this [Section 7.02](#) shall be the sole and exclusive remedy of the Recipient for any such breach of this Agreement. Any request for re-performance in accordance with this [Section 7.02](#) by the Recipient must be in writing and specify in reasonable detail the particular error, defect or breach, and such request must be made no more than one (1) month from the later of the date on which such breach occurred and the date on which such breach was reasonably discovered by the Recipient.

Section 7.03. **Third Party Claims.** The Recipient shall indemnify, defend and hold harmless the Provider, its Subsidiaries and each of their respective Representatives, and each of the successors and assigns of any of the foregoing (collectively, the "Provider Indemnitees"), from and against any and all claims of Third Parties relating to, arising out of or resulting from the Provider's furnishing or failing to furnish the Services provided for in this Agreement, other than (a) Third Party claims arising out of the gross negligence, willful misconduct or fraud of any Provider Indemnitee and (b) as set forth in [Section 2.03\(b\)](#).

Section 7.04. **Indemnification Procedures.** The provisions of Article IV of the Separation and Distribution Agreement shall govern claims for indemnification under this Agreement; provided that, for purposes of this [Section 7.04](#), in the event of any conflict between the provisions of Article IV of the Separation and Distribution Agreement and this [Article VII](#), the provisions of this Agreement shall control.

## ARTICLE VIII

### TRANSITION COMMITTEE

Section 8.01. **Establishment.** Pursuant to the Separation and Distribution Agreement, a Transition Committee is to be established by Abbott and AbbVie to, among other things, monitor and manage matters arising out of or resulting from this Agreement.

## ARTICLE IX

### MISCELLANEOUS

Section 9.01. **Mutual Cooperation.** The Parties and their respective Subsidiaries shall cooperate with each other in connection with the performance of the Services hereunder; provided, however, that such cooperation shall not unreasonably disrupt the normal operations of

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the Parties and their respective Subsidiaries; and, provided, further, that this [Section 9.01](#) shall not require either Party to incur any out-of-pocket costs or expenses unless and except as expressly provided in this Agreement or otherwise agreed to in writing by the Parties.

Section 9.02. **Title to Intellectual Property.** Except as expressly provided for under the terms of this Agreement, the Recipient acknowledges that it shall acquire no right, title or interest (including any license rights or rights of use) in any intellectual property which is owned or licensed by the Provider, by reason of the provision of the Services provided hereunder. The Recipient shall not remove or alter any copyright, trademark, confidentiality or other proprietary notices that appear on any intellectual property owned or licensed by the Provider, and the Recipient shall not reproduce any such notices on any and all copies thereof. The Recipient shall not attempt to decompile, translate, reverse engineer or make excessive copies of any intellectual property owned or licensed by the Provider, and the Recipient shall promptly notify the Provider of any such attempt, regardless of whether by the Recipient or any Third Party, of which the Recipient becomes aware.

Section 9.03. **Force Majeure.** No Party shall be deemed in default of this Agreement for failure to fulfill any obligation so long as and to the extent to which any delay or failure in the fulfillment of such obligations is prevented, frustrated, hindered or delayed as a consequence of circumstances of Force Majeure. In the event of any such excused delay, the time for performance shall be extended for a period equal to the time lost by reason of the delay unless this Agreement has previously been terminated under [Article V](#) or under this [Section 9.03](#). A Party claiming the benefit of this provision shall, as soon as reasonably practicable after the occurrence of any such event, (a) provide Notice to the Recipient or the Provider of the nature and extent of any such Force Majeure condition; and (b) use commercially reasonable efforts to remove any such causes and resume performance under this Agreement as soon as reasonably practicable unless this Agreement has previously been terminated under [Article V](#) or under this [Section 9.03](#). During the period of a Force Majeure, the Recipient shall be (i) relieved of the obligation to pay Charges for such Service(s) throughout the duration of such Force Majeure and (ii) entitled to permanently terminate such Service(s) (and shall be relieved of the obligation to pay Charges for such Service(s) throughout the duration of such Force Majeure) if a Force Majeure shall continue to exist for more than thirty (30) consecutive days, it being understood that the Recipient shall not be required to provide any advance notice of such termination to the Provider.

Section 9.04. **Independent Contractors.** The Parties each acknowledge that they are separate entities, each of which has entered into this Agreement for independent business reasons. The relationships of the Parties hereunder are those of independent contractors and nothing contained herein shall be deemed to create a joint venture, partnership or any other relationship. Employees performing services hereunder do so on behalf of, under the direction of, and as employees of, the Provider, and the Recipient shall have no right, power or authority to direct such employees.

Section 9.05. **Third Party Beneficiaries.** Except as provided in [Article VII](#) with respect to Provider Indemnitees, (a) the provisions of this Agreement are solely for the benefit of the Parties, their Subsidiaries and their permitted successors and assigns, and are not intended to confer upon any other Person except the Parties, their Subsidiaries and their permitted successors

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and assigns, any rights or remedies hereunder; and (b) there are no other Third Party beneficiaries of this Agreement and this Agreement shall not provide any other Third Party with any remedy, claim, Liability, reimbursement, claim of action or other right in excess of those existing without reference to this Agreement.

Section 9.06. **Governing Law.** This Agreement shall be governed by and construed and interpreted in accordance with the Laws of the State of Delaware, irrespective of the choice of Laws principles of the State of Delaware, as to all matters, including matters of validity, construction, effect, enforceability, performance and remedies.

### Section 9.07. **Dispute Resolution.**

(a) In the event of any controversy, dispute or claim (a "Dispute") arising out of or relating to any Party's rights or obligations under this Agreement (whether arising in contract, tort or otherwise) or allocation of the costs of any Service, or otherwise arising out of or relating in any way to this Agreement (including the interpretation or validity of this Agreement), such Dispute shall be resolved in accordance with the dispute resolution process referred to in [Section 7.01](#) to the Separation and Distribution Agreement.

(b) In any Dispute regarding the amount of a Charge, if such Dispute is finally resolved pursuant to the dispute resolution process set forth or referred to in [Section 9.07\(a\)](#), and it is determined that the Charge that the Provider has invoiced the Recipient, and that the Recipient has paid to the Provider, is greater or less than the amount that the Charge should have been, then (i) if it is determined that the Recipient has overpaid the Charge, the Provider shall within five (5) business days after such determination reimburse the Recipient an amount of cash equal to such overpayment, plus the Interest Payment, accruing from the date of payment by the Recipient to the time of reimbursement by the Provider; and (ii) if it is determined that the Recipient has underpaid the Charge, the Recipient shall within five (5) business days after such determination reimburse the Provider an amount of cash equal to such underpayment, plus the Interest Payment, accruing from the date such payment originally should have been made by the Recipient to the time of payment by the Recipient.

Section 9.08. **Specific Performance.** Subject to [Section 9.07](#), in the event of any actual or threatened default in, or breach of, any of the terms, conditions and provisions of this Agreement, the Party or Parties who are or are to be thereby aggrieved shall have the right to specific performance and injunctive or other equitable relief (on an interim or permanent basis) of its rights under this Agreement, in addition to any and all other rights and remedies at Law or in equity, and all such rights and remedies shall be cumulative. The Parties agree that the remedies at Law for any breach or threatened breach, including monetary damages, may be inadequate compensation for any loss and that any defense in any Proceeding for specific performance that a remedy at Law would be adequate is waived. Unless otherwise agreed in writing, the Parties shall continue to provide Services and honor all other commitments under this Agreement during the course of dispute resolution pursuant to the provisions of [Section 9.07](#) and this [Section 9.08](#) with respect to all matters subject to such Dispute; provided, however, that this obligation shall only exist during the term of this Agreement.

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Section 9.09. **Interpretation.** Words in the singular shall be deemed to include the plural and vice versa and words of one gender shall be deemed to include the other genders as the context requires. The terms "hereof," "herein," and "herewith" and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement as a whole (including all of the Schedules and Exhibits hereto and thereto) and not to any particular provision of this Agreement. Section, Exhibit and Schedule references are to the Sections, Exhibits, and Schedules to this Agreement unless otherwise specified. Unless otherwise stated, all references to any agreement shall be deemed to include the exhibits, schedules and annexes to such agreement. The word "including" and words of similar import when used in this Agreement shall mean "including, without limitation," unless the context otherwise requires or unless otherwise specified. The word "or" shall not be exclusive. Unless otherwise specified in a particular case, the word "days" refers to calendar days. References herein to this Agreement or any other agreement contemplated herein shall be deemed to refer to this Agreement or such other agreement as of the date on which it is executed

and as it may be amended, modified or supplemented thereafter, unless otherwise specified. References to the performance, discharge or fulfillment of any Liability in accordance with its terms shall have meaning only to the extent such Liability has terms. If the Liability does not have terms, the reference shall mean performance, discharge or fulfillment of such Liability.

Section 9.10. Headings. The Article, Section and Paragraph headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

Section 9.11. Amendment. No provisions of this Agreement shall be deemed amended, supplemented or modified unless such amendment, supplement or modification is in writing and signed by an authorized representative of each of Abbott and AbbVie. No provisions of this Agreement shall be deemed waived unless such waiver is in writing and signed by the authorized representative of the Party against whom it is sought to be enforced.

Section 9.12. Assignability. This Agreement shall not be assigned without the prior written consent of Abbott and AbbVie, except that:

(a) each Party may assign all of its rights and obligations under this Agreement to any of its Subsidiaries; provided, however, that no such assignment shall release the assigning Party from any Liability under this Agreement; and

(b) in connection with (i) either Party's divestiture of all or substantially all of its assets to a Third Party or (ii) a Change of Control of either Party, such Party may assign to such Third Party its rights and obligations under this Agreement; provided, however, that (x) no such assignment shall release the assigning Party from any Liability under this Agreement, (y) any and all costs and expenses incurred by either Party in connection with such assignment (including in connection with clause (z) of this proviso) shall be borne solely by the assigning Party, and (z) the Parties shall in good faith negotiate any amendments to this Agreement, including the Exhibits and Schedules to this Agreement, that may be reasonably necessary in order to assign such Services.

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Section 9.13. Audit Assistance. Each of the Parties and their respective Subsidiaries are or may be subject to regulation and audit by a Governmental Authority, standards organizations, customers or other parties to contracts with such Parties or their respective Subsidiaries under applicable Law, standards or contract provisions. If a Governmental Authority, standards organization, customer or other party to a contract with a Party or its Subsidiary exercises its right to examine or audit such Party's or its Subsidiary's books, records, documents or accounting practices and procedures pursuant to such applicable Law, standards or contract provisions, and such examination or audit relates to the Services, then the other Party shall provide, at the sole cost and expense of the requesting Party, all assistance reasonably requested by the Party that is subject to the examination or audit in responding to such examination or audits or requests for information, to the extent that such assistance or information is within the reasonable control of the cooperating Party and is related to the Services.

Section 9.14. Survival of Covenants. Except as expressly set forth in this Agreement, the covenants and other agreements contained in this Agreement, and Liability for the breach of any obligations contained herein, shall survive the Effective Time and shall remain in full force and effect thereafter.

Section 9.15. Subsidiaries. Abbott shall cause to be performed, and hereby guarantees the performance of, all actions, agreements and obligations set forth herein to be performed by an Abbott Subsidiary and AbbVie shall cause to be performed, and hereby guarantees the performance of, all actions, agreements and obligations set forth herein to be performed by an AbbVie Subsidiary.

Section 9.16. Waivers of Default. Waiver by a Party of any default by the other Party of any provision of this Agreement shall not be deemed a waiver by the waiving Party of any subsequent or other default, nor shall it prejudice the rights of the waiving Party.

Section 9.17. Notices. All Notices under this Agreement shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by overnight courier service, by facsimile with receipt confirmed (followed by delivery of an original via overnight courier service) or by registered or certified mail (postage prepaid, return receipt requested) to the respective Parties at the following addresses (or at such other address for a Party as shall be specified in a Notice):

If to Abbott:

Abbott Laboratories  
100 Abbott Park Road  
Abbott Park, Illinois 60064-6020  
Attn: Divisional Vice President, Abbott Transition Organization  
Facsimile: (847) 938-5313

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If to AbbVie:

AbbVie Inc.  
1 North Waukegan Road  
North Chicago, Illinois 60064  
Attn: Vice President, Strategic Initiative  
Facsimile: (847) 937-4330

Either Party may, by Notice to the other Party, change the address to which such Notices are to be given.

Section 9.18. Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement.

Section 9.19. Entire Agreement. This Agreement and the exhibits and schedules hereto contain the entire agreement between the Parties with respect to the subject matter hereof, supersede all previous agreements, negotiations, discussions, writings, understandings, commitments and conversations with respect to such subject matter and there are no agreements or understandings between the Parties other than those set forth or referred to herein or therein.

Section 9.20. Corporate Power. Abbott represents on behalf of itself and, to the extent applicable, each Abbott Subsidiary, and AbbVie represents on behalf of itself and, to the extent applicable, each AbbVie Subsidiary, as follows:

(a) each such Person has the requisite corporate or other power and authority and has taken all corporate or other action necessary in order to execute, deliver and perform this Agreement and to consummate the transactions contemplated hereby; and

(b) this Agreement has been duly executed and delivered by it and constitutes a valid and binding agreement of it enforceable in accordance with the terms hereof.

Section 9.21. Signatures and Delivery. Each of Abbott and AbbVie acknowledges that it may execute this Agreement by manual, stamp or mechanical signature, and that delivery of an executed counterpart of a signature page to this Agreement (whether executed by manual, stamp or mechanical signature) by facsimile or by email in portable document format (PDF) shall be effective as delivery of such executed counterpart of this Agreement. Each of Abbott and AbbVie expressly adopts and confirms a stamp or mechanical signature (regardless of whether delivered in person, by mail, by courier, by facsimile or by email in portable document format (PDF)) made in its respective name as if it were a manual signature delivered in person, agrees that it shall not assert that any such signature or delivery is not adequate to bind it to the same extent as if it were signed manually and delivered in person and agrees that, at the reasonable request of the other Party at any time, it shall as promptly as reasonably practicable cause this Agreement to be manually executed (any such execution to be as of the date of the initial date hereof) and delivered in person, by mail or by courier.

Section 9.22. Severability. In the event that any one or more of the terms or provisions of this Agreement or the application thereof to any Person or circumstance is determined by a court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other term or provision of this

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Agreement, or the application of such term or provision to Persons or circumstances or in jurisdictions other than those as to which it has been determined to be invalid, illegal or unenforceable, and the Parties shall use their commercially reasonable efforts to substitute one or more valid, legal and enforceable terms or provisions into this Agreement which, insofar as practicable, implement the purposes and intent of the Parties. Any term or provision of this Agreement held invalid or unenforceable only in part, degree or within certain jurisdictions shall remain in full force and effect to the extent not held invalid or unenforceable to the extent consistent with the intent of the Parties as reflected by this Agreement. To the extent permitted by applicable Law, each Party waives any term or provision of Law which renders any term or provision of this Agreement to be invalid, illegal or unenforceable in any respect.



Section 9.23. Further Assurances. Each Party hereto shall take, or cause to be taken, any and all reasonable actions, including the execution, acknowledgment, filing and delivery of any and all documents and instruments that any other Party hereto may reasonably request in order to effect the intent and purpose of this Agreement and the transactions contemplated hereby.

Section 9.24. Public Announcements. From and after the Effective Time, the Parties shall consult with each other before issuing, and give each other the opportunity to review and comment upon, that portion of any press release or other public statements that relates to the transactions contemplated by this Agreement, and shall not issue any such press release or make any such public statement prior to such consultation, except (a) as may be required by applicable Law, court process or by obligations pursuant to any listing agreement with any national securities exchange or national securities quotation system; or (b) as otherwise set forth on Schedule 9.16 to the Separation and Distribution Agreement.

Section 9.25. Mutual Drafting. This Agreement shall be deemed to be the joint work product of the Parties and any rule of construction that a document shall be interpreted or construed against a drafter of such document shall not be applicable.

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IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives.

ABBOTT LABORATORIES

ABBVIE INC.

By: /s/ Thomas C. Freyman  
 Name: Thomas C. Freyman  
 Title: Executive Vice President, Finance and Chief Financial Officer

By: /s/ Richard A. Gonzalez  
 Name: Richard A. Gonzalez  
 Title: Chairman of the Board and Chief Executive Officer

*[Signature Page to U.S. Transition Services Agreement]*

**Exhibit A**  
**Omitted Services/Additional Services Template**

<b>Function:</b>	
<b>Service Provider:</b>	
<b>Service Recipient:</b>	
<b>Description of Transition Services:</b>	
<b>Term:</b>	

A-1

**Schedule 1**  
**Services**

**Function:** Human Resources  
**Service Provider:** Abbott  
**Service Recipient:** AbbVie  
**Description of Transition Services:** HR program administration, HR related communications consulting and certain payroll and HR services.  
**Term:** Up to 24 months

Sch 1-1

**Function:** Purchasing  
**Service Provider:** Abbott  
**Service Recipient:** AbbVie  
**Description of Transition Services:** Access to purchasing content, systems and related support, sourcing and rebate management.  
**Term:** Up to 24 months

Sch 1-2

**Function:** Information Systems  
**Service Provider:** Abbott  
**Service Recipient:** AbbVie  
**Description of Transition Services:** Application support and maintenance; mainframe and services access and support; IT customer support, training and administration; planning and program management support; Finance/SFA functional support; and IT support, maintenance, infrastructure, subject matter expertise and system access to key systems.  
**Term:** 24 Months

Sch 1-3

**Function:** Information Systems  
**Service Provider:** AbbVie  
**Service Recipient:** Abbott  
**Description of Transition Services:** Application support and maintenance, program management for upgrades of server and coordination for DRP & Disaster Recovery Testing, change management coordination and quality & privacy-related web monitoring on behalf of the affiliates, system support for Prisms CRM system, project management support for special area special projects, IT support, maintenance, infrastructure, subject matter expertise and system access to key systems.  
**Term:** Up to 24 months

Sch 1-4

**Function:** Internal Audit  
**Service Provider:** Abbott  
**Service Recipient:** AbbVie  
**Description of Transition Services:** Internal audits of international shared locations and Sarbanes-Oxley related support.  
**Term:** 24 Months

Sch 1-5

**Function:** Internal Audit  
**Service Provider:** AbbVie  
**Service Recipient:** Abbott  
**Description of Transition Services:** Sarbanes-Oxley related support.  
**Term:** 24 Months

Sch 1-6

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**Function:** AN  
**Service Provider:** Abbott  
**Service Recipient:** AbbVie  
**Description of Transition Services:** System support, consulting services, subject matter expertise, medical safety and surveillance, certain manufacturing and labor support, AbbVie operations service/support at certain manufacturing site(s).  
**Term:** Up to 24 months

Sch 1-7

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**Function:** Administrative Services  
**Service Provider:** Abbott  
**Service Recipient:** AbbVie  
**Description of Transition Services:** Corporate records, creative network communications and public affairs, delivery service, fleet management, food service contracts, conference rooms/audio visual, interior design storage, library information contracts/systems, travel, meetings, telepresence/video services, and management oversight.  
**Term:** Up to 24 months

Sch 1-8

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**Function:** Administrative Services  
**Service Provider:** AbbVie  
**Service Recipient:** Abbott  
**Description of Transition Services:** J-28 building floorspace, cafeteria catering related services.  
**Term:** 24 Months

Sch 1-9

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**Function:** AVD  
**Service Provider:** Abbott  
**Service Recipient:** AbbVie  
**Description of Transition Services:** Clinical trial support.  
**Term:** 24 Months

Sch 1-10

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**Function:** Finance  
**Service Provider:** Abbott  
**Service Recipient:** AbbVie  
**Description of Transition Services:** Controlled drug reporting, cost maintenance, product identification coding, lot number location coding, RGL ledger accounting support, royalty contract administration/accounting, SOX support, corporate C&TC, US accounts payable, expense reporting, US freight payment, knowledge transfer, US payroll processing, CEPA support, corporate accounting staffing and training, and abandoned property compliance tasks.  
**Term:** Up to 24 months

Sch 1-11

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**Function:** Finance  
**Service Provider:** AbbVie  
**Service Recipient:** Abbott  
**Description of Transition Services:** Deferred margin services, sales reporting and consolidation, transfer pricing, IT system access/support, forecast information for transfer pricing, and knowledge sharing.  
**Term:** 24 Months

Sch 1-12

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**Function:** Engineering Services  
**Service Provider:** Abbott  
**Service Recipient:** AbbVie  
**Description of Transition Services:** Crisis management, EHS&E consultation, global project management, security/guard, Lake County related support, emergency generator access, Calibration/Metrology, and IT system access and support.  
**Term:** 24 Months

Sch 1-13

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**Function:** Engineering Services  
**Service Provider:** AbbVie  
**Service Recipient:** Abbott  
**Description of Transition Services:** Crisis management, EHS&E consultation, global project management, security/guard, Lake County support, emergency generator access, Calibration/Metrology support, and IT system access and support.  
**Term:** Up to 24 months

Sch 1-14

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**Function:** Research and Development  
**Service Provider:** Abbott  
**Service Recipient:** AbbVie  
**Description of Transition Services:** Certain co-development-related services and subject matter expertise.  
**Term:** Up to 24 months.

Sch 1-15

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**Function:** Research and Development  
**Service Provider:** AbbVie  
**Service Recipient:** Abbott  
**Description of Transition Services:** IT system/application access and business support, mass spectrometry support, NMR support, extrusion of nutritional products, scientific stockroom/lab services, chemical hygiene plan, outsourcing grant plan, PV case processing, PV data management, and microscopy/physical analytical chemistry support.  
**Term:** Up to 24 months.

Sch 1-16

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**Function:** L&A  
**Service Provider:** Abbott  
**Service Recipient:** AbbVie  
**Description of Transition Services:** Finance variable and fixed allocations.  
**Term:** Up to 24 months

Sch 1-17

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**Function:** Legal  
**Service Provider:** Abbott  
**Service Recipient:** AbbVie  
**Description of Transition Services:** Financial consulting, patent search, legal operations consulting, IP property operations consulting, and legal IT systems support.  
**Term:** Up to 24 months

Sch 1-18

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**Function:** Legal  
**Service Provider:** AbbVie  
**Service Recipient:** Abbott  
**Description of Transition Services:** Financial consulting, patent search, and legal operations consulting.  
**Term:** 24 Months

Sch 1-19

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**Function:** Ethics and Compliance  
**Service Provider:** Abbott  
**Service Recipient:** AbbVie  
**Description of Transition Services:** IT systems/applications access and support, transparency support, investigations management, and 3PP & anticorruption management.  
**Term:** Up to 24 months

Sch 1-20

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**Function:** Ethics and Compliance  
**Service Provider:** AbbVie  
**Service Recipient:** Abbott  
**Description of Transition Services:** Transparency support and investigations management support.  
**Term:** 24 Months

Sch 1-21

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**Function:** Public Affairs  
**Service Provider:** Abbott  
**Service Recipient:** AbbVie  
**Description of Transition Services:** Product donation administration, administration/advisory support (employee giving, matching grants, volunteerism programs, and blood drive), and knowledge transfer of related giving programs and IRPA functional expertise.  
**Term:** Up to 24 months

Sch 1-22

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**Function:** Public Affairs  
**Service Provider:** AbbVie  
**Service Recipient:** Abbott  
**Description of Transition Services:** Knowledge transfer of related giving programs and IRPA functional expertise.  
**Term:** Up to 24 months

Sch 1-23

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**Function:** US Commercial  
**Service Provider:** AbbVie  
**Service Recipient:** Abbott  
**Description of Transition Services:** Patient Assistance Foundation administrative support, and IT system access/support.  
**Term:** Up to 24 months

Sch 1-24

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**Function:** Commercial/Headquarters  
**Service Provider:** AbbVie  
**Service Recipient:** Abbott  
**Description of Transition Services:** Expat benefits, front office support, international HQ and affiliate IT system/application/infrastructure, international IT planning, affiliate external website support, financial reporting & consolidation IT services/support, certain Corp Purchasing Legal pass-through, AS/400 support, international IT policy training, and international SOX support.  
**Term:** 24 Months

Sch 1-25

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**Function:** Regulatory  
**Service Provider:** Abbott  
**Service Recipient:** AbbVie  
**Description of Transition Services:** IT systems/applications support, and regulatory subject matter expertise.  
**Term:** 24 Months

Sch 1-26

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**Function:** Regulatory  
**Service Provider:** AbbVie  
**Service Recipient:** Abbott  
**Description of Transition Services:** IT systems/applications support, and regulatory subject matter expertise.  
**Term:** 24 Months

Sch 1-27

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**Function:** Tax  
**Service Provider:** Abbott  
**Service Recipient:** AbbVie  
**Description of Transition Services:** Corporate tax support.  
**Term:** 24 Months

Sch 1-28

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**Function:** Tax  
**Service Provider:** AbbVie  
**Service Recipient:** Abbott  
**Description of Transition Services:** Corporate tax support.  
**Term:** 24 Months

Sch 1-29

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**Function:** Treasury  
**Service Provider:** Abbott  
**Service Recipient:** AbbVie  
**Description of Transition Services:** Cash management, treasury operations, shareholder services, netting coordination, FX hedging, inter-company loan account maintenance, Luxembourg office and accounting support, real estate consulting, and retirement funds consulting.  
**Term:** Up to 24 months

Sch 1-30

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**Function:** Quality  
**Service Provider:** Abbott  
**Service Recipient:** AbbVie  
**Description of Transition Services:** Pharma label support, QA plant services, animal services, AQR subject matter expertise, and complaint processing.  
**Term:** Up to 24 months

Sch 1-31

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**Function:** Quality  
**Service Provider:** AbbVie  
**Service Recipient:** Abbott  
**Description of Transition Services:** IT system/application access, QA plant services, stability storage, subject matter expertise, PV QA audit and compliance, GCP affiliate audit/management, Global Inspection Management services, and AEGIS workflow support.  
**Term:** Up to 24 months

Sch 1-32

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**Function:** Manufacturing and Supply Chain  
**Service Provider:** Abbott  
**Service Recipient:** AbbVie  
**Description of Transition Services:** IT system/application access and support, supply/provide storage of solvents recovery used as comparable fuel, anti-counterfeiting service support, State Departments of Agriculture Synermax Registrations maintenance, anti-body production, supply materials, Global Standards and Serialization Office (GSSO) support, and corporate customs & trade compliance support.  
**Term:** Up to 24 months

Sch 1-33

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**Function:** Manufacturing and Supply Chain  
**Service Provider:** AbbVie

**Service Recipient:**  
**Description of Transition Services:**

Abbott  
IT system/application access and support, logistics/customs compliance, accounts payable, treasury, project accounting, payroll, tax, Foreign Trade Zone (FTZ) Services, occupational health, emergency spill response support, industrial hygiene, metrology, freight handling, housekeeping, waste management, distribution, Global Supply Dept. support, stability, serialization support, anti-counterfeiting service support, supply materials, contract administrative, freight audit functions, cold storage, operations, warehouse space and receiving, and hazardous waste recovery.  
Up to 24 months

## EX-U.S. TRANSITION SERVICES AGREEMENT

BY AND BETWEEN

ABBOTT LABORATORIES

AND

ABBVIE INC.

DATED AS OF DECEMBER 31, 2012

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THIS EX-U.S. TRANSITION SERVICES AGREEMENT, dated as of December 31, 2012, is by and between ABBOTT LABORATORIES, an Illinois corporation (“Abbott”) and ABBVIE INC., a Delaware corporation (“AbbVie”), and each of their respective Subsidiaries (as defined herein) who execute a Joinder Agreement (as defined herein) in accordance with the terms and provisions of this Agreement (as defined herein).

R E C I T A L S:

WHEREAS, the board of directors of Abbott has determined that it is appropriate and advisable to separate Abbott’s research-based pharmaceuticals business from its other businesses;

WHEREAS, in order to effectuate the foregoing, Abbott and AbbVie have entered into a Separation and Distribution Agreement, dated as of November 28, 2012 (the “Separation and Distribution Agreement”), which provides for, among other things, the contribution from Abbott to AbbVie of certain assets, the assumption by AbbVie of certain Liabilities (as defined in the Separation and Distribution Agreement) from Abbott, the distribution by Abbott of AbbVie common stock to Abbott shareholders, and the execution and delivery of certain agreements in order to facilitate and provide for the foregoing, in each case subject to the terms and conditions set forth therein; and

WHEREAS, in order to facilitate and provide for an orderly transition under the Separation and Distribution Agreement, the Parties desire to enter into this Agreement to set forth the terms and conditions pursuant to which each Provider (as defined herein) shall provide to the applicable Recipient (as defined herein) the Services (as defined herein) for a transitional period.

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained in this Agreement, the Parties (as defined herein) hereby agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. Reference is made to Section 9.09 regarding the interpretation of certain words and phrases used in this Agreement. In addition, for the purpose of this Agreement, the following terms shall have the meanings set forth below; provided that where such term is defined to have the meaning set forth in the Separation and Distribution Agreement and such definition includes the term “Party”, then “Party” as used in the definition of such term in the Separation and Distribution Agreement shall be construed to have the meaning set forth in this Agreement.

“Abbott” has the meaning set forth in the Preamble.

“Abbott Subsidiary” has the meaning set forth in the Separation and Distribution Agreement.

“AbbVie” has the meaning set forth in the Preamble.

“AbbVie Business” has the meaning set forth in the Separation and Distribution Agreement.

“AbbVie Subsidiary” has the meaning set forth in the Separation and Distribution Agreement.

“Accounting, Reporting & Financial Services” has the meaning set forth in Section 5.04(c).

“Additional Service” has the meaning set forth in Section 2.02(c).

“Affiliate” has the meaning set forth in the Separation and Distribution Agreement.

“Agreement” means this Ex-U.S. Transition Services Agreement, each of the Schedules and Exhibits hereto and each Joinder Agreement executed in accordance with Section 2.09.

“ARF Service Period End Date” has the meaning set forth in Section 5.04(c).

“Change of Control” has the meaning set forth in the Separation and Distribution Agreement.

“Charges” has the meaning set forth in Section 2.04.

“Collection Service” has the meaning set forth in Section 5.04(c).

“Commencement Date” means, with respect to a given Recipient and the applicable Provider, the date set forth under the heading “Commencement Date” on Schedule 1 to the applicable Joinder Agreement executed by such Recipient and the applicable Provider.

“Dispute” has the meaning set forth in Section 9.07(a).

“Effective Time” has the meaning set forth in the Separation and Distribution Agreement.

“Excluded Service” has the meaning set forth in Section 2.02(b).

“Force Majeure” has the meaning set forth in the Separation and Distribution Agreement.

“Governmental Authority” has the meaning set forth in the Separation and Distribution Agreement.

“Information” has the meaning set forth in the Separation and Distribution Agreement.

“Initial Services” has the meaning set forth in Section 2.01.

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“Interest Payment” has the meaning set forth in Section 4.02.

“Joinder Agreement” has the meaning set forth in Section 2.09.

“Law” has the meaning set forth in the Separation and Distribution Agreement.

“Liabilities” has the meaning set forth in the Separation and Distribution Agreement.

“Notice” means any written notice, request, demand or other communication specifically referencing this Agreement and given in accordance with Section 9.17.

“Omitted Service” has the meaning set forth in Section 2.02(a).

“Parties” means Abbott and the Abbott Subsidiaries who execute a Joinder Agreement pursuant to Section 2.09, on the one hand, and AbbVie and the AbbVie Subsidiaries who execute a Joinder Agreement pursuant to Section 2.09, on the other hand.

“Person” has the meaning set forth in the Separation and Distribution Agreement.

“Personal Data” means data that can be used by itself or in combination with other available data to identify a specific individual.

“Prime Rate” has the meaning set forth in the Separation and Distribution Agreement.

“Privileged Information” has the meaning set forth in the Separation and Distribution Agreement.

“Proceeding” has the meaning set forth in the Separation and Distribution Agreement.

“Provider” means, with respect to any Service, the Affiliate or Affiliates of Abbott or AbbVie who have executed a Joinder Agreement and is or are identified therein as the “Provider,” or Abbott or AbbVie, as the case may be, if they are identified as the “Provider” in any Joinder Agreement.

“Provider Indemnitees” has the meaning set forth in Section 7.03.

“Recipient” means, with respect to any Service, the Affiliate or Affiliates of Abbott or AbbVie who have executed a Joinder Agreement and is or are identified therein as the “Recipient,” or Abbott or AbbVie, as the case may be, if they are identified as the “Recipient” in any Joinder Agreement.

“Reinstated Service” has the meaning set forth in Section 2.02(b).

“Representatives” has the meaning set forth in the Separation and Distribution Agreement.

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“Separation and Distribution Agreement” has the meaning set forth in the Recitals.

“Service Baseline Period” has the meaning set forth in Section 2.03(c).

“Service Extension” has the meaning set forth in Section 5.04(a).

“Service Period” means, with respect to any Service provided to a given Recipient, the period commencing on the later of (a) the Commencement Date for such Service and (b) the date on which any Omitted Service, Excluded Service or Additional Service becomes a “Service” pursuant to the terms of this Agreement, and ending on the earlier of (i) the date the Recipient terminates the provision of such Service pursuant to Section 5.02 and (ii) the second anniversary of the Effective Time, unless extended pursuant to Section 5.04.

“Services” means, with respect to a given Recipient, the Initial Services and the applicable Omitted Services, Reinstated Services and Additional Services for such Recipient.

“Subsidiary” has the meaning set forth in the Separation and Distribution Agreement.

“Tax” has the meaning set forth in the Separation and Distribution Agreement.

“Tax Authority” has the meaning set forth in the Separation and Distribution Agreement.

“Third Party” has the meaning set forth in the Separation and Distribution Agreement.

“Transition Committee” has the meaning set forth in the Separation and Distribution Agreement.

## ARTICLE II

### SERVICES

Section 2.01. Initial Services. Effective as of the commencement of the Service Period, the applicable Provider shall provide, or Abbott or AbbVie, as applicable, shall cause one or more of its other Subsidiaries to provide, to the applicable Recipient, the services (the “Initial Services”) for which a Commencement Date is indicated on Schedule 1 of the applicable Joinder Agreement for such Recipient and as described in greater detail on the subsections of Exhibit A hereto.



(a) If, following the Effective Time and during the term of this Agreement, a Recipient identifies a service that, prior to the Effective Time, its applicable Provider or any of its Subsidiaries provided to such Recipient, but such service was inadvertently omitted from the Services set forth on Schedule 1 of the applicable Joinder Agreement (each such service, an

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“Omitted Service”), then such Provider shall use commercially reasonable efforts to provide, or to cause one of its Subsidiaries to provide, any such Omitted Service to such Recipient; provided that such Provider shall not be obligated to provide any Omitted Service if it does not, in its reasonable judgment, have adequate resources to provide such Omitted Service or if the provision of such Omitted Service would significantly disrupt the operation of its businesses. Abbott and AbbVie shall cooperate and act in good faith to create a supplemental subsection of Exhibit A hereto for each Omitted Service in the form attached hereto as Exhibit B. The applicable Provider and Recipient shall (i) amend Schedule 1 of the applicable Joinder Agreement to include such Omitted Service and (ii) promptly provide Notice of such amendment (including a copy thereof) to Abbott and AbbVie. Each such supplemental subsection of Exhibit A hereto and each such amended Schedule 1 to such Joinder Agreement shall be deemed part of this Agreement as of the date of such agreement and the Omitted Services set forth therein shall be deemed “Services” provided under this Agreement, in each case subject to the terms and conditions of this Agreement.

(b) If, following the Effective Time and during the term of this Agreement, a Recipient identifies a service that, prior to the Effective Time, its applicable Provider or any of its Subsidiaries provided to such Recipient, but Abbott and AbbVie had mutually agreed that such service would not be provided under the terms of this Agreement (each such service, an “Excluded Service”), then such Recipient or Provider shall provide Notice thereof to Abbott and AbbVie, and Abbott and AbbVie shall cooperate and act in good faith to determine whether such Provider shall provide such Excluded Service to such Recipient under the terms of this Agreement. If Abbott and AbbVie determine that such Provider shall provide such Excluded Service to such Recipient (each such Excluded Service, a “Reinstated Service”), then Abbott and AbbVie will act in good faith to create a supplemental subsection of Exhibit A hereto for each Reinstated Service in the form attached hereto as Exhibit B. The applicable Provider and Recipient shall (i) amend Schedule 1 of the applicable Joinder Agreement to include such Reinstated Service and (ii) promptly provide Notice of such amendment (including a copy thereof) to Abbott and AbbVie. Each such supplemental subsection of Exhibit A hereto and each such amended Schedule 1 to such Joinder Agreement shall be deemed part of this Agreement as of the date of such agreement and the Reinstated Services set forth therein shall be deemed “Services” provided under this Agreement, in each case subject to the terms and conditions of this Agreement.

(c) If, following the Effective Time and during the term of this Agreement, a Recipient identifies a service, other than an Omitted Service or an Excluded Service, that it desires for its applicable Provider or any of its Subsidiaries to provide to such Recipient (each such service, an “Additional Service”), then such Provider shall consider such request, in conjunction with Abbott and AbbVie; provided that nothing shall require such Provider to provide such Additional Service to such Recipient. If such Provider consents to providing an Additional Service to such Recipient, then such Recipient or Provider shall provide Notice thereof to Abbott and AbbVie, and Abbott and AbbVie shall cooperate and act in good faith to create a supplemental subsection of Exhibit A hereto for each Additional Service in the form attached hereto as Exhibit B. The applicable Provider and Recipient shall (i) amend Schedule 1 of the applicable Joinder Agreement to include such Additional Service and (ii) promptly provide Notice of such amendment (including a copy thereof) to Abbott and AbbVie. Each such supplemental subsection of Exhibit A hereto and each such amended Schedule 1 to such Joinder

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Agreement shall be deemed part of this Agreement as of the date of such agreement and the Additional Services set forth therein shall be deemed “Services” provided under this Agreement, in each case subject to the terms and conditions of this Agreement.

Section 2.03. Performance of Services.

(a) Each Provider shall perform and cause its Subsidiaries to perform all Services to be provided by such Provider in a manner that is based on its past practice and that is substantially similar in nature, quality and timeliness to the analogous services provided by Abbott to the Abbott Subsidiaries prior to the Commencement Date. Each Provider shall, and shall cause its Subsidiaries to, perform its duties and responsibilities hereunder in good faith.

(b) Nothing in this Agreement shall require a Provider to perform or cause to be performed any Service to the extent the manner of such performance would constitute a violation of applicable Laws, the Abbott Code of Business Conduct or any existing contract or agreement with a Third Party. If a Provider is or becomes aware of any potential violation on the part of the Provider, such Provider shall use commercially reasonable efforts to promptly send a Notice to its applicable Recipient of such potential violation. Each Provider and Recipient agrees to cooperate and use commercially reasonable efforts to obtain any necessary Third Party consents required under any existing contract or agreement with a Third Party to allow the applicable Provider to perform or cause to be performed any Service in accordance with the standards set forth in this Section 2.03. Any costs and expenses incurred by any Provider or Recipient or any of its respective Subsidiaries in connection with obtaining any such Third Party consent that is required to allow the applicable Provider to perform or cause to be performed (i) any Service (other than an Additional Service) shall be split between the applicable Provider and Recipient in accordance with such Parties’ respective utilization of the applicable Service at such time (except with respect to fees imposed by Third Parties to allow joint participation by the Provider and the Recipient under information technology contracts and licenses, which fees shall be split equally between the applicable Provider and the Recipient) and (ii) any Additional Service shall be solely the responsibility of the Recipient. If, with respect to a Service, the applicable Provider and Recipient, despite the use of such commercially reasonable efforts, are unable to obtain a required Third Party consent or the performance of such Service by the applicable Provider would continue to constitute a violation of applicable Laws or the Abbott Code of Business Conduct, the applicable Provider shall use commercially reasonable efforts in good faith to provide such Services in a manner as closely as possible to the standards described in this Section 2.03 that would apply absent the exception provided for in the first sentence of this Section 2.03(b).

(c) No Provider shall be obligated to perform or to cause to be performed any Service in a volume or quantity in any calendar year that exceeds the highest volumes or quantities of analogous services provided to the applicable Recipient during calendar year 2012, as set forth in the 2012 plan (without reference to the transactions contemplated by the Separation and Distribution Agreement) (the “Service Baseline Period”). If a Recipient requests that its Provider perform or cause to be performed any Service in a volume or quantity that exceeds the highest volumes or quantities of analogous services that were provided to such Recipient during the Service Baseline Period, then: (i) if such higher volume or quantity results from fluctuations occurring in the ordinary course of business of such Recipient, the applicable

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Provider shall use commercially reasonable efforts to provide such requested higher volume or quantity; and (ii) if such higher volume or quantity results from any other source, including an acquisition, merger, purchase or other business combination by such Recipient, then such Recipient or Provider shall provide Notice thereof to Abbott and AbbVie, and Abbott and AbbVie shall cooperate and act in good faith to determine whether the applicable Provider will be required to provide such requested higher volume or quantity. If Abbott and AbbVie determine that the applicable Provider shall provide the requested higher volume or quantity then such higher volume or quantity shall be documented in a written agreement signed by the applicable Recipient and Provider who shall promptly provide Notice of such agreement (including a copy thereof) to Abbott and AbbVie. The volume or quantity increases set forth in such written agreement shall be deemed a part of the “Services” provided under this Agreement, in each case subject to the terms and conditions of this Agreement.

(d) (i) No Provider or any of its Subsidiaries shall be required to perform or to cause to be performed any of the Services for the benefit of any Third Party or any other Person other than the applicable Recipient, and (ii) EXCEPT AS EXPRESSLY PROVIDED IN THIS SECTION 2.03, EACH PARTY ACKNOWLEDGES AND AGREES THAT ALL SERVICES AND PRODUCTS ARE PROVIDED ON AN “AS IS” BASIS, THAT EACH RECIPIENT ASSUMES ALL RISK AND LIABILITY ARISING FROM OR RELATING TO ITS USE OF AND RELIANCE UPON THE SERVICES, AND THAT EACH PROVIDER MAKES NO OTHER REPRESENTATIONS OR GRANTS ANY WARRANTIES, EXPRESS OR IMPLIED, EITHER IN FACT OR BY OPERATION OF LAW, BY STATUTE OR OTHERWISE, WITH RESPECT TO THE SERVICES AND PRODUCTS. EACH PARTY SPECIFICALLY DISCLAIMS ANY OTHER WARRANTIES, WHETHER WRITTEN OR ORAL, OR EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF QUALITY, MERCHANTABILITY, OR FITNESS FOR A PARTICULAR USE OR PURPOSE OR THE NON-INFRINGEMENT OF ANY INTELLECTUAL PROPERTY RIGHTS OF THIRD PARTIES.

(e) Each Party shall be responsible for its own compliance with any and all Laws applicable to its performance under this Agreement. No Party shall knowingly take any action in violation of any such applicable Law that results in Liability being imposed on any other Party.

Section 2.04. Charges for Services. Each Recipient shall pay to its applicable Provider a monthly fee for the Services (or category of Services, as applicable) (each fee constituting a “Charge” and, collectively, “Charges”) provided by such Provider or its applicable Subsidiaries, which Charges shall be agreed to by the applicable Provider and Recipient from time to time. During the term of this Agreement, the amount of a Charge for any Services may adjust to the extent of: (a) any adjustments mutually agreed to by the applicable Provider and Recipient; (b) any Charges applicable to any Omitted Services, Reinstated Services or Additional Services; and (c) in accordance with Section 2.08, any proportional adjustment in the rates or charges imposed by any Third Party provider that is providing Services. Together with any monthly invoice for Charges, each Provider shall provide its applicable Recipient with reasonable documentation, including any additional documentation reasonably requested by such Recipient to the extent such documentation is in such Provider’s or its Subsidiaries’ possession or control, to support the calculation of such Charges.

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Section 2.05. Reimbursement for Out-of-Pocket Expenses. Each Recipient shall reimburse its applicable Provider for reasonable out-of-pocket costs and expenses incurred by such Provider or any of its Subsidiaries in connection with providing the Services (including reasonable travel-related expenses) to the extent that such costs and expenses are not reflected in the Charges for such Services; provided, however, that any such cost or expense not consistent with historical practice between such Provider and Recipient for any Service (including business travel and related expenses) shall require advance approval of such Recipient. Any authorized travel-related expenses incurred in performing the Services shall be incurred and charged to the applicable Recipient in accordance with such Provider’s then applicable business travel policies.

Section 2.06. Changes to Services.

(a) Except as provided in Section 2.08 and subject to the performance standards set forth in this Article II, each Provider may make changes from time to time in the manner of performing the Services if such Provider is making similar changes in performing analogous services for itself and if such Provider furnishes to its applicable Recipient reasonable prior Notice (in content and timing) respecting such changes; provided, however, that no Provider may modify any of its accounting policies or its foreign exchange rate setting process as defined in the B.2.0 policy that would directly or indirectly impact the Services without the prior written consent of its applicable Recipient (such consent not to be unreasonably withheld or delayed). No such change shall affect the timeliness or quality of, or the Charges for, the applicable Service. If any such change by a Provider reasonably requires its applicable Recipient to incur incremental costs and expenses in order to continue to receive and utilize the applicable Services in the same manner as such Recipient was receiving and utilizing such Service prior to such change, such Provider shall be required to reimburse such Recipient for all such reasonable costs and expenses. Upon request of a Provider, the applicable Recipient shall provide such Provider with reasonable documentation, including any additional documentation reasonably requested by such Provider to the extent such documentation is in such Recipient's or its Subsidiaries' possession or control, to support the calculation of such incremental costs and expenses.

(b) AbbVie acknowledges that it has received a copy of Abbott's B.2.0 internal calendar for 2013 from Abbott. Prior to the commencement of each subsequent calendar year during the term of this Agreement, Abbott shall make available to AbbVie a copy of Abbott's B.2.0 internal calendar for such calendar year (and AbbVie may request the same of Abbott if Abbott has not made such copy available to AbbVie prior to the commencement of the applicable subsequent calendar year).

(c) Prior to 12:00 p.m. Central Time on the B.2.0 day of each calendar month during the term of this Agreement, Abbott shall make available to AbbVie a copy of Abbott's foreign exchange rates determined in accordance with Abbott's B.2.0 policy for such calendar month (and AbbVie may request the same of Abbott if Abbott has not made such copy available to AbbVie prior to 12:00 p.m. Central Time on the B.2.0 day of the applicable calendar month).

Section 2.07. Transitional Nature of Services. Each Provider and applicable Recipient acknowledge the transitional nature of the Services and agree to cooperate in good faith and to

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use commercially reasonable efforts to effectuate a smooth transition of the Services from such Provider to such Recipient (or its designee).

Section 2.08. Use of Third Parties to Provide Services. Each Provider may perform its obligations to provide a Service through agents, subcontractors or independent contractors, provided that the delegation of performance of the applicable Service does not impact the timeliness or quality of such Service, in accordance with the following:

(a) *Provider is Currently Using Third Parties as of the Effective Time.* If, as of the Effective Time, (i) the Provider is obtaining analogous services for itself from agents, subcontractors or independent contractors, or (ii) the Provider is obtaining services from agents, subcontractors or independent contractors which services such Provider shall only provide to its applicable Recipient under this Agreement and such Provider shall not otherwise require such analogous services for itself during the term of this Agreement, then the Charges for the applicable Services such Provider is obtaining from such Third Parties may be adjusted proportionally by such Provider pursuant to Section 2.04(c) to reflect any adjustment in the rates or charges imposed by the Third Party that is providing such Services; or

(b) *Provider Elects to Switch to Third Parties After the Effective Time.*

(i) If, following the Effective Time, the Provider elects to obtain analogous services for itself from agents, subcontractors or independent contractors (A) such Provider shall furnish to its applicable Recipient reasonable prior Notice (in content and timing) respecting such use of Third Parties, and (B) the Charges for the applicable Services such Provider is obtaining from such Third Parties may be adjusted proportionally by such Provider pursuant to Section 2.04(c) to reflect any adjustment in the rates or charges imposed by the Third Party that is providing such Services; and

(ii) If, however, following the Effective Time, the Provider is not obtaining analogous services for itself from agents, subcontractors or independent contractors (A) such Provider shall furnish to its applicable Recipient reasonable prior Notice (in content and timing) respecting such use of Third Parties, and (B) the Charges for the applicable Services such Provider is providing through such Third Parties appointed following the Effective Time may not be adjusted by such Provider as a result of any adjustments in the rates or charges imposed by such Third Parties.

Notwithstanding the foregoing, no Provider shall be relieved of its obligations under this Agreement by use of such agents, subcontractors or independent contractors.

Section 2.09. Joinder Agreement. Each of Abbott and AbbVie shall cause their respective Subsidiaries who are to provide or receive Services to become a party to this Agreement and adopt this Agreement with the same force and effect as if it were originally a party hereto by executing a Joinder Agreement substantially in the form attached as Exhibit C hereto (each, a "Joinder Agreement"). Each such Joinder Agreement executed pursuant to this Section 2.09 shall be deemed part of this Agreement as of the date of such Joinder Agreement.

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ARTICLE III

OTHER ARRANGEMENTS

Section 3.01. Access.

(a) AbbVie shall, and shall cause its Subsidiaries to, allow Abbott and its Subsidiaries and their respective Representatives reasonable access to the facilities of AbbVie and its Subsidiaries that is necessary for Abbott and its Subsidiaries to fulfill their obligations under this Agreement. In addition to the foregoing right of access, AbbVie shall, and shall cause its Subsidiaries to, afford Abbott, its Subsidiaries and their respective Representatives, upon reasonable advance notice, reasonable access during normal business hours to the facilities, Information, systems, infrastructure and personnel of AbbVie and its Subsidiaries as reasonably necessary for Abbott to verify the adequacy of internal controls over information technology, reporting of financial data and related processes employed in connection with the Services being provided by AbbVie or its Subsidiaries, including in connection with verifying compliance with Section 404 of the Sarbanes-Oxley Act of 2002; provided that (i) such access shall not unreasonably interfere with any of the business or operations of AbbVie or any of its Subsidiaries and (ii) in the event that AbbVie determines that providing such access could be commercially detrimental, violate any Law or agreement, or waive any attorney-client privilege, then Abbott and AbbVie shall use commercially reasonable efforts to permit such access in a manner that avoids any such harm or consequence. Abbott agrees that all of its and its Subsidiaries' employees shall, and that it shall use commercially reasonable efforts to cause its Representatives' employees to, when on the property of AbbVie and its Subsidiaries, or when given access to any facilities, Information, systems, infrastructure or personnel of AbbVie and its Subsidiaries, conform to the policies and procedures of AbbVie and any of its Subsidiaries, as applicable, concerning health, safety, conduct and security which are made known to Abbott from time to time.

(b) Abbott shall, and shall cause its Subsidiaries to, allow AbbVie and its Subsidiaries and their respective Representatives reasonable access to the facilities of Abbott and its Subsidiaries that is necessary for AbbVie and its Subsidiaries to fulfill their obligations under this Agreement. In addition to the foregoing right of access, Abbott shall, and shall cause its Subsidiaries to, afford AbbVie, its Subsidiaries and their respective Representatives, upon reasonable advance notice, reasonable access during normal business hours to the facilities, Information, systems, infrastructure, and personnel of Abbott and its Subsidiaries as reasonably necessary for AbbVie to verify the adequacy of internal controls over information technology, reporting of financial data and related processes employed in connection with the Services being provided by Abbott or its Subsidiaries, including in connection with verifying compliance with Section 404 of the Sarbanes-Oxley Act of 2002; provided that (i) such access shall not unreasonably interfere with any of the business or operations of Abbott or any of its Subsidiaries and (ii) in the event that Abbott determines that providing such access could be commercially detrimental, violate any Law or agreement, or waive any attorney-client privilege, then Abbott and AbbVie shall use commercially reasonable efforts to permit such access in a manner that avoids any such harm or consequence. AbbVie agrees that all of its and its Subsidiaries' employees shall, and that it shall use commercially reasonable efforts to cause its Representatives' employees to, when on the property of Abbott and its Subsidiaries, or when

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given access to any facilities, Information, systems, infrastructure or personnel of Abbott and its Subsidiaries, conform to the policies and procedures of Abbott and any of its Subsidiaries, as applicable, concerning health, safety, conduct and security which are made known to AbbVie from time to time.

ARTICLE IV

BILLING; TAXES

Section 4.01. Procedure. Charges for the Services shall be charged to and payable by the Recipient. Amounts payable pursuant to the terms of this Agreement shall be paid by wire transfer (or such other method of payment as may be agreed between the applicable Recipient and Provider) to the Provider, as directed by the Provider, on a monthly basis, which amounts shall be due within sixty (60) days after the date of invoice. All amounts due and payable hereunder shall be invoiced and paid in the local currency of the Provider.

Section 4.02. Late Payments. Charges not paid when due pursuant to this Agreement (and any amounts billed or otherwise invoiced or demanded and properly payable that are not paid within sixty (60) days of the date of such bill, invoice or other demand) shall accrue interest at a rate per annum equal to the Prime Rate plus 2%, or the maximum legal rate, whichever is lower (the "Interest Payment").

Section 4.03. **Taxes.** Without limiting any provisions of this Agreement, the Recipient shall bear any and all Taxes and other similar charges (and any related interest and penalties) imposed on, or payable with respect to, any fees or charges, including any Charges, payable by it pursuant to this Agreement, including all sales, use, value-added, and similar Taxes, but excluding Taxes based on such Provider's net income. Notwithstanding anything to the contrary in the previous sentence or elsewhere in this Agreement, the Recipient shall be entitled to withhold from any payments to the Provider any such Taxes that the Recipient is required by Law to withhold and shall pay such Taxes to the applicable Tax Authority.

Section 4.04. **No Set-Off.** Except as mutually agreed to in writing by Abbott and AbbVie, no Party or any of its Affiliates shall have any right of set off or other similar rights with respect to (a) any amounts received pursuant to this Agreement; or (b) any other amounts claimed to be owed to the other Party or any of its Subsidiaries arising out of this Agreement.

## ARTICLE V

### TERM AND TERMINATION

Section 5.01. **Term.** With respect to each Recipient and its applicable Provider of the applicable Services, this Agreement shall commence on the commencement of the applicable Service Period and shall terminate upon the earlier to occur of: (a) the last date on which such Provider is obligated to provide any Service to such Recipient in accordance with the terms of this Agreement; or (b) the mutual written agreement of Abbott and AbbVie to terminate this Agreement in its entirety. Unless otherwise terminated pursuant to [Section 5.02](#), this Agreement

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shall terminate with respect to any Service for a given Recipient at the close of business on the last day of the Service Period for such Service for such Recipient.

Section 5.02. **Early Termination.**

(a) Without prejudice to any Recipient's rights with respect to a Force Majeure, any Recipient may from time to time terminate this Agreement with respect to the entirety of any individual Service but not a portion thereof:

(i) for any reason or no reason, upon the giving of an advance Notice to the Provider of such Service not less than the shorter of (A) one hundred eighty (180) days, or (B) one-half the original Service Period for such Service; provided, however, that any such termination may only be effective as of the last day of a month; or

(ii) if the Provider of such Service has failed to perform any of its material obligations under this Agreement with respect to such Service, and such failure shall continue to exist forty five (45) days after receipt by such Provider of Notice of such failure from the Recipient; provided, however, that any such termination may only be effective as of the last day of a month; and provided, further, that the Recipient shall not be entitled to terminate the Agreement with respect to the applicable Service if, as of the end of such forty five (45)-day period, there remains a good faith Dispute between such Provider and Recipient (undertaken in accordance with the terms of [Section 9.07](#)) as to whether the Provider has cured the applicable breach.

(b) Any Provider may terminate this Agreement with respect to any individual Service, but not a portion thereof, at any time upon prior Notice to the applicable Recipient if such Recipient has failed to perform any of its material obligations under this Agreement relating to such Services, including making payment of Charges for such Service when due, and such failure shall continue uncured for a period of forty five (45) days after receipt by such Recipient of a Notice of such failure from the Provider; provided, however, that any such termination may only be effective as of the last day of a month; and provided, further, that the Provider shall not be entitled to terminate this Agreement with respect to the applicable Service if, as of the end of such forty five (45)-day period, there remains a good faith Dispute between such Provider and Recipient (undertaken in accordance with the terms of [Section 9.07](#)) as to whether the Recipient has cured the applicable breach. If a Provider has terminated a Service in accordance with the previous sentence, such Provider shall, without the consent of the Recipient, amend Schedule 1 of the applicable Joinder Agreement to reflect any terminated Service by indicating the early termination date with respect to such terminated Service for such Recipient and shall promptly provide Notice of such amendment (including a copy thereof) to Abbott, AbbVie and the applicable Recipient.

Section 5.03. **Reduction of Services.** Any Recipient may from time to time request a reduction in part of the scope or amount of any Service; provided that any such reduction may only take effect as of the end of a month. If requested to do so by a Recipient by Notice to Abbott and AbbVie, Abbott and AbbVie shall discuss in good faith appropriate adjustments to the relevant Charges in light of all relevant factors. If, after such discussions, Abbott and AbbVie do not approve any requested reduction of the scope or amount of any Service and the

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relevant Charges in connection therewith, then (a) there shall be no change to the Charges under this Agreement and (b) unless the applicable Recipient and Provider otherwise agree in writing, there shall be no change to the scope or amount of any Services under this Agreement. If, after such discussions, Abbott and AbbVie approve any reduction of Service, such reduction of Service shall be documented in a written agreement executed on behalf of the applicable Recipient and Provider and such Recipient and Provider shall promptly provide Notice of such agreement (including a copy thereof) to Abbott and AbbVie. Additionally, in connection with any such reduction of Service, Abbott and AbbVie may approve an appropriate reduction to the Charges related to the applicable reduced Service.

Section 5.04. **Extension of Services.**

(a) Each Recipient may request to extend the Service Period of any Service (each such extension, a "Service Extension") one time for each Service unless Abbott and AbbVie shall authorize additional extensions, by providing the Provider of such Service with advance Notice not less than the shorter of (i) one hundred eighty (180) days, or (ii) one-half of the original Service Period for such Service. Notwithstanding the foregoing, if any Provider and Recipient shall first execute a Joinder Agreement after June 30, 2014, the Service Period for the Services provided by such Provider to such Recipient shall automatically be deemed to terminate on December 31, 2015, unless such Recipient and Provider agree in their applicable Joinder Agreement to a shorter Service Period of any Service to be provided to such Recipient by such Provider, in which case such shorter Service Period shall apply to the particular Service.

(b) If the Recipient (other than a Recipient who first executed a Joinder Agreement after June 30, 2014) is requesting a Service Extension for a particular Service for the first time and the requested Service Extension is for a period of twelve (12) months or less past the originally scheduled expiration of the Service Period for the applicable Service, then the Provider shall be obligated to provide such requested Service Extension and the applicable Recipient and Provider shall in good faith (i) negotiate the terms of an amendment to the applicable Joinder Agreement and promptly provide Notice of such amendment (including a copy thereof) to Abbott and AbbVie, which amendment shall be consistent with the terms of the applicable Service, and (ii) determine the costs and expenses (which shall not include any Charges payable under this Agreement), if any, that would be incurred by such Provider or Recipient, as the case may be, in connection with the provision of such Service Extension, which costs and expenses shall be borne solely by the Recipient. If (A) the requested Service Extension is for a period of longer than twelve (12) months past the originally scheduled expiration of the Service Period for the applicable Service or (B) the applicable Recipient has previously requested a Service Extension for the particular Service that such Recipient is currently requesting a Service Extension, then such Recipient or Provider shall provide Notice of such request to Abbott and AbbVie, and Abbott and AbbVie shall cooperate and act in good faith to determine whether the Provider shall provide the applicable Service for the requested Service Extension period. If Abbott and AbbVie determine that the Provider shall provide such Service during the requested Service Extension period, then the applicable Recipient and Provider shall in good faith (1) negotiate the terms of an amendment to Schedule 1 of the applicable Joinder Agreement and promptly provide Notice of such amendment (including a copy thereof) to Abbott and AbbVie, which amendment shall be consistent with the terms of the applicable Service, and (2) determine the costs and expenses (which shall not include any Charges payable

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under this Agreement), if any, that would be incurred by such Provider or Recipient, as the case may be, in connection with the provision of such Service Extension, which costs and expenses shall be borne solely by the Recipient.

(c) Notwithstanding anything in this Agreement to the contrary, that portion of the Service described on [Exhibit A-13](#) (the "Accounting, Reporting & Financial Services") which relates solely to the applicable Provider's obligation under this Agreement to collect amounts owed by any Third Party with respect to the AbbVie Business pursuant to a contract between such Third Party, on the one hand, and such Provider alone, on the other hand (such portion of such Service, the "Collection Service") shall be deemed automatically extended without further action on the part of the applicable Provider or Recipient until the earlier of (i) such date when ninety-five percent (95%) of all amounts owed under all such contracts with respect to the AbbVie Business as of the third (3<sup>rd</sup>) anniversary of the Effective Time have been collected and (ii) the seventh (7<sup>th</sup>) anniversary of the Effective Time.

Section 5.05. **Interdependencies.** The Parties acknowledge and agree that (i) there may be interdependencies among the Services being provided under this Agreement, (ii) upon the request of any Provider or Recipient by Notice to Abbott and AbbVie, Abbott and AbbVie shall cooperate and act in good faith to determine whether (A) any such interdependencies exist with respect to the particular Service that such Provider or Recipient is seeking to terminate, reduce part of the scope or amount of, or extend, as applicable, in accordance with [Section 5.02](#), [Section 5.03](#) or [Section 5.04](#), respectively, and (B) in the case of a termination or reduction, the Provider's ability to provide a particular Service in accordance with this Agreement would be materially and adversely affected by such termination, or reduction in part of the scope or amount, of another Service, as applicable, in accordance with [Section 5.02](#) or [Section 5.03](#), respectively, prior to the expiration of the period of the maximum duration for such Service, and (iii) in the event that Abbott and AbbVie have determined that such interdependencies exist (and, in the case of a termination or reduction, as applicable, that the Provider's ability to provide a particular Service in accordance with this Agreement would be materially and adversely affected by the termination, or reduction in part of the scope or amount, of another Service, as applicable, in accordance with [Section 5.02](#) or [Section 5.03](#), respectively, prior to the expiration of the period of the maximum duration for such Service), the applicable Provider and Recipient shall negotiate in good faith to amend Schedule 1 of the applicable Joinder Agreement relating to the termination dates of such impacted Services and shall promptly provide Notice of such amendment (including a copy thereof) to Abbott and AbbVie. Each such amended Joinder Agreement pursuant to this [Section 5.02](#) shall be deemed part of this Agreement as of the date of such amendment.

Section 5.06. Effect of Termination. Upon the termination of any Service for any Recipient pursuant to this Agreement, the Provider of the terminated Service shall have no further obligation to provide the terminated Service to such Recipient, and such Recipient shall have no obligation to pay any future Charges relating to any such Service; provided, however, that the Recipient shall remain obligated to the relevant Provider for the Charges owed and payable in respect of Services provided prior to the effective date of termination for such Service. In connection with the termination of any Service, the provisions of this Agreement not relating solely to such terminated Service shall survive any such termination, and in connection with a termination of this Agreement, Article I, this Article V, Article VII and Article IX, all

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confidentiality obligations under this Agreement and Liability for all due and unpaid Charges, shall continue to survive indefinitely.

Section 5.07. Information Transmission. Each Provider, on behalf of itself and its respective Subsidiaries, shall use commercially reasonable efforts to provide or make available, or cause to be provided or made available, to its applicable Recipient, in accordance with Section 6.01(a) of the Separation and Distribution Agreement, any Information received or computed by the Provider for the benefit of such Recipient concerning the relevant Service during the Service Period; provided, however, that, except as otherwise agreed to in writing by the Provider and Recipient (a) no Provider shall have any obligation to provide or cause to provide Information in any non-standard format, (b) the Provider and its Subsidiaries shall be reimbursed for their reasonable costs in accordance with Section 6.01(c) of the Separation and Distribution Agreement for creating, gathering, copying, transporting and otherwise providing such Information, and (c) the Provider shall use commercially reasonable efforts to maintain any such Information in accordance with Section 6.03 of the Separation and Distribution Agreement.

## ARTICLE VI

### CONFIDENTIALITY; PROTECTIVE ARRANGEMENTS

Section 6.01. Abbott and AbbVie Obligations. Subject to Section 6.04, Abbott, on behalf of itself and each of the Abbott Subsidiaries, on the one hand, and AbbVie, on behalf of itself and each of the AbbVie Subsidiaries, on the other hand, agrees to hold, and to cause its respective Representatives to hold, in strict confidence, with at least the same degree of care that applies to Abbott's confidential and proprietary information pursuant to policies in effect as of the Effective Time, all confidential and proprietary information concerning the other Party (or its business) and the other Party's Subsidiaries (or their respective businesses) that is either in its possession (including confidential and proprietary information in its possession prior to the Effective Time) or furnished by such other Party or such other Party's Subsidiaries or their respective Representatives at any time pursuant to this Agreement, and shall not use any such confidential and proprietary information other than for such purposes as may be expressly permitted hereunder, except, in each case, to the extent that such confidential and proprietary information has been (a) in the public domain or generally available to the public, other than as a result of a disclosure by such Party or any of its Subsidiaries or any of their respective Representatives in violation of this Agreement; (b) later lawfully acquired from other sources by such Party or any of its Subsidiaries, which sources are not themselves bound by a confidentiality obligation or other contractual, legal or fiduciary obligation of confidentiality with respect to such confidential and proprietary information; or (c) independently developed or generated without reference to or use of the respective proprietary or confidential information of such other Party or any of its Subsidiaries. If any confidential and proprietary information of Abbott or any of its Subsidiaries is disclosed to AbbVie or any of its Subsidiaries in connection with providing the Services, then such disclosed confidential and proprietary information shall be used only as required to perform the Services. If any confidential and proprietary information of AbbVie or any of its Subsidiaries is disclosed to Abbott or any of its Subsidiaries in connection with providing the Services, then such disclosed confidential and proprietary information shall be used only as required to perform such Services.

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Section 6.02. No Release. Each Party agrees (a) not to release or disclose, or permit to be released or disclosed, any information addressed in Section 6.01 to any other Person, except its Representatives who need to know such information in their capacities as such, and except in compliance with Section 6.04, and (b) to use commercially reasonable efforts to maintain any such information in accordance with Section 6.03 of the Separation and Distribution Agreement.

Section 6.03. Third Party Information; Privacy and Data Protection Laws. Each Party acknowledges that it and its respective Subsidiaries may presently have and, following the Effective Time, may gain access to or possession of confidential or proprietary information of, or personal information relating to, Third Parties (a) that was received under confidentiality or non-disclosure agreements entered into between such Third Parties, on the one hand, and the other Party or the other Party's Subsidiaries, on the other hand, prior to the Effective Time; or (b) that, as between the Parties, was originally collected by the other Party or the other Party's Subsidiaries and that may be subject to and protected by privacy, data protection or other applicable Laws. As provided in more detail in a data protection agreement to be entered into between Abbott and AbbVie as of the Effective Time, each of Abbott and AbbVie agrees that it shall hold, protect and use, and shall cause its Subsidiaries and its and its Subsidiaries' respective Representatives to hold, protect and use, in strict confidence the confidential and proprietary information of, or personal information relating to, Third Parties in accordance with privacy, data protection or other applicable Laws and the terms of any agreements that were either entered into before the Effective Time or affirmative commitments or representations that were made before the Effective Time by, between or among such other Party or such other Party's Subsidiaries, on the one hand, and such Third Parties, on the other hand.

Section 6.04. Protective Arrangements. In the event that any Party or any of its Affiliates is requested or required (by oral question, interrogatories, requests for information or documents, subpoena, civil investigative demand or similar process) by any Governmental Authority or pursuant to applicable Law to disclose or provide any confidential or proprietary information of the other Party that is subject to the confidentiality provisions hereof, or to disclose or provide any Personal Data that it processes on behalf of the other Party in accordance with the data protection agreement to be entered into between Abbott and AbbVie as of the Effective Time, such Party shall, unless prohibited by such request or requirement of the applicable Governmental Authority or under applicable Law, provide such other Party with Notice of such request or demand as promptly as practicable under the circumstances so that such other Party shall have an opportunity to seek an appropriate protective order, at such other Party's own cost and expense. In the event that such other Party fails to receive such appropriate protective order in a timely manner and the Party receiving the request or demand reasonably determines that its failure to disclose or provide such information shall actually prejudice the Party receiving the request or demand, then the Party that received such request or demand may thereafter disclose or provide information to the extent required by such Law (as so advised by counsel) or by lawful process or such Governmental Authority.

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## ARTICLE VII

### LIMITED LIABILITY AND INDEMNIFICATION

Section 7.01. Limitations on Liability.

(a) SUBJECT TO SECTION 7.02, THE LIABILITIES OF EACH PROVIDER AND ITS SUBSIDIARIES AND THEIR RESPECTIVE REPRESENTATIVES, COLLECTIVELY, UNDER THIS AGREEMENT FOR ANY ACT OR FAILURE TO ACT IN CONNECTION HERewith (INCLUDING THE PERFORMANCE OR BREACH OF THIS AGREEMENT), OR FROM THE SALE, DELIVERY, PROVISION OR USE OF ANY SERVICES PROVIDED UNDER OR CONTEMPLATED BY THIS AGREEMENT, WHETHER IN CONTRACT, TORT (INCLUDING NEGLIGENCE AND STRICT LIABILITY) OR OTHERWISE, SHALL NOT EXCEED SUCH PROVIDER'S PROFITS FOR PERFORMING SERVICES HEREUNDER, WHICH SHALL BE DEEMED TO BE EQUAL TO THE AMOUNT OF THE MARK-UP RECEIVED BY SUCH PROVIDER DURING THE PREVIOUS TWELVE (12) MONTH PERIOD.

(b) IN NO EVENT SHALL ANY PARTY, ITS SUBSIDIARIES OR THEIR RESPECTIVE REPRESENTATIVES BE LIABLE TO ANY OTHER PARTY FOR INDIRECT, EXEMPLARY, INCIDENTAL, CONSEQUENTIAL OR PUNITIVE DAMAGES IN CONNECTION WITH THE PERFORMANCE OF THIS AGREEMENT, EVEN IF THE PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. AND EACH PARTY HEREBY WAIVES ON BEHALF OF ITSELF, ITS SUBSIDIARIES AND ITS REPRESENTATIVES ANY CLAIM FOR SUCH DAMAGES, INCLUDING ANY CLAIM FOR PROPERTY DAMAGE OR LOST PROFITS, WHETHER ARISING IN CONTRACT, TORT OR OTHERWISE.

(c) The foregoing limitations on Liability in this Section 7.01 shall not apply to any Party's Liability for breaches of confidentiality under Article VI or any Party's obligations under Section 7.03.

(d) The limitations in Section 7.01(a) and Section 7.01(b) shall not apply in respect of any Liability arising out of or in connection with the gross negligence, willful misconduct, or fraud of or by the Party to be charged.

Section 7.02. Obligation to Re-Perform; Liabilities. In the event of any breach of this Agreement by any Provider with respect to the provision of any Services (with respect to which the Provider can reasonably be expected to re-perform in a commercially reasonable manner), such Provider shall (a) promptly correct in all material respects such error, defect or breach or re-perform in all material respects such Services at the request of its applicable Recipient and at the sole cost and expense of the Provider and (b) subject to the limitations set forth in Section 7.01, reimburse such Recipient and its Subsidiaries and Representatives for Liabilities attributable to such breach by such Provider. The remedy set forth in this Section 7.02 shall be the sole and exclusive remedy of the Recipient for any such breach of this Agreement. Any request for re-performance in accordance with this Section 7.02 by any Recipient must be in writing and specify in reasonable detail the particular error, defect or breach, and such request must be made

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no more than one (1) month from the later of the date on which such breach occurred and the date on which such breach was reasonably discovered by the Recipient.

Section 7.03. Third Party Claims. Each Recipient shall indemnify, defend and hold harmless its applicable Provider, its Subsidiaries and each of their respective Representatives, and each of the successors and assigns of any of the foregoing (collectively, the "Provider Indemnitees"), from and against any and all claims of Third Parties relating to, arising out of or resulting from such Provider's furnishing

or failing to furnish the Services provided for in this Agreement, other than (a) Third Party claims arising out of the gross negligence, willful misconduct or fraud of any Provider Indemnitee and (b) as set forth in [Section 2.03\(b\)](#).

Section 7.04. [Indemnification Procedures](#). The provisions of Article IV of the Separation and Distribution Agreement shall govern claims for indemnification under this Agreement; provided that, for purposes of this [Section 7.04](#), in the event of any conflict between the provisions of Article IV of the Separation and Distribution Agreement and this [Article VII](#), the provisions of this Agreement shall control.

## ARTICLE VIII

### TRANSITION COMMITTEE; ABBOTT AND ABBVIE RIGHTS

Section 8.01. [Establishment](#). Pursuant to the Separation and Distribution Agreement, a Transition Committee is to be established by Abbott and AbbVie to, among other things, monitor and manage matters arising out of or resulting from this Agreement.

Section 8.02. [Rights of Abbott and AbbVie](#). Notwithstanding any provision in this Agreement to the contrary, each Provider and Recipient acknowledges and agrees that Abbott and AbbVie shall have the right to review and amend any prior actions taken, decisions made or amendments or modifications agreed to, by each Provider and Recipient, and jointly to proscribe that any Provider and applicable Recipient take such actions or make such amendments or modifications as Abbott and AbbVie deem appropriate in order to effect the intent and purpose of this Agreement and the transactions contemplated hereby. Each Provider and Recipient shall take, or cause to be taken, any and all reasonable actions that Abbott and AbbVie jointly may reasonably request to carry out the intent and purpose of this [Article VIII](#).

## ARTICLE IX

### MISCELLANEOUS

Section 9.01. [Mutual Cooperation](#). The Parties and their respective Subsidiaries shall cooperate with each other in connection with the performance of the Services hereunder; provided, however, that such cooperation shall not unreasonably disrupt the normal operations of the Parties and their respective Subsidiaries; and, provided, further, that this [Section 9.01](#) shall not require any Party to incur any out-of-pocket costs or expenses unless and except as expressly provided in this Agreement or otherwise agreed to in writing by Abbott and AbbVie.

Section 9.02. [Title to Intellectual Property](#). Except as expressly provided for under the terms of this Agreement, each Recipient acknowledges that it shall acquire no right, title or

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interest (including any license rights or rights of use) in any intellectual property which is owned or licensed by any Provider, by reason of the provision of the Services provided hereunder. No Recipient shall remove or alter any copyright, trademark, confidentiality or other proprietary notices that appear on any intellectual property owned or licensed by any Provider, and each Recipient shall reproduce any such notices on any and all copies thereof. No Recipient shall attempt to decompile, translate, reverse engineer or make excessive copies of any intellectual property owned or licensed by any Provider, and each Recipient shall promptly notify such Provider of any such attempt, regardless of whether by the Recipient or any Third Party, of which the Recipient becomes aware.

Section 9.03. [Force Majeure](#). No Party shall be deemed in default of this Agreement for failure to fulfill any obligation so long as and to the extent to which any delay or failure in the fulfillment of such obligations is prevented, frustrated, hindered or delayed as a consequence of circumstances of Force Majeure. In the event of any such excused delay, the time for performance shall be extended for a period equal to the time lost by reason of the delay unless this Agreement has previously been terminated under [Article V](#) or under this [Section 9.03](#). Any Party claiming the benefit of this provision shall, as soon as reasonably practicable after the occurrence of any such event, (a) provide Notice to the other Party of the nature and extent of any such Force Majeure condition; and (b) use commercially reasonable efforts to remove any such causes and resume performance under this Agreement as soon as reasonably practicable unless this Agreement has previously been terminated under [Article V](#) or under this [Section 9.03](#). During the period of a Force Majeure, the applicable Recipient shall be (i) relieved of the obligation to pay Charges for such Service(s) throughout the duration of such Force Majeure and (ii) entitled to permanently terminate such Service(s) (and shall be relieved of the obligation to pay Charges for such Service(s) throughout the duration of such Force Majeure) if a Force Majeure shall continue to exist for more than thirty (30) consecutive days, it being understood that such Recipient shall not be required to provide any advance notice of such termination to the Provider.

Section 9.04. [Independent Contractors](#). The Parties each acknowledge that they are separate entities, each of which has entered into this Agreement for independent business reasons. The relationships of the Parties hereunder are those of independent contractors and nothing contained herein shall be deemed to create a joint venture, partnership or any other relationship. Employees performing services hereunder do so on behalf of, under the direction of, and as employees of, the applicable Provider, and the applicable Recipient shall have no right, power or authority to direct such employees.

Section 9.05. [Third Party Beneficiaries](#). Except as provided in [Article VII](#) with respect to Provider Indemnitees, (a) the provisions of this Agreement are solely for the benefit of the Parties, their Subsidiaries and their permitted successors and assigns, and are not intended to confer upon any other Person except the Parties, their Subsidiaries and their permitted successors and assigns, any rights or remedies hereunder; and (b) there are no other Third Party beneficiaries of this Agreement and this Agreement shall not provide any other Third Party with any remedy, claim, Liability, reimbursement, claim of action or other right in excess of those existing without reference to this Agreement.

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Section 9.06. [Governing Law](#). This Agreement shall be governed by and construed and interpreted in accordance with the Laws of the State of Delaware, irrespective of the choice of Laws principles of the State of Delaware, as to all matters, including matters of validity, construction, effect, enforceability, performance and remedies.

Section 9.07. [Dispute Resolution](#).

(a) In the event of any controversy, dispute or claim (a “[Dispute](#)”) arising out of or relating to any Party’s rights or obligations under this Agreement (whether arising in contract, tort or otherwise) or calculation or allocation of the costs of any Service, or otherwise arising out of or relating in any way to this Agreement (including the interpretation or validity of this Agreement), such Dispute shall be resolved in accordance with the dispute resolution process referred to in [Section 7.01](#) to the Separation and Distribution Agreement.

(b) In any Dispute regarding the amount of a Charge, if such Dispute is finally resolved pursuant to the dispute resolution process set forth or referred to in [Section 9.07\(a\)](#), and it is determined that the Charge that the Provider has invoiced the Recipient, and that the Recipient has paid to the Provider, is greater or less than the amount that the Charge should have been, then (i) if it is determined that the Recipient has overpaid the Charge, the Provider shall within five (5) business days after such determination reimburse the Recipient an amount of cash equal to such overpayment, plus the Interest Payment, accruing from the date of payment by the Recipient to the time of reimbursement by the Provider; and (ii) if it is determined that the Recipient has underpaid the Charge, the Recipient shall within five (5) business days after such determination reimburse the Provider an amount of cash equal to such underpayment, plus the Interest Payment, accruing from the date such payment originally should have been made by the Recipient to the time of payment by the Recipient.

Section 9.08. [Specific Performance](#). Subject to [Section 9.07](#), in the event of any actual or threatened default in, or breach of, any of the terms, conditions and provisions of this Agreement, the Party or Parties who are or are to be thereby aggrieved shall have the right to specific performance and injunctive or other equitable relief (on an interim or permanent basis) of its rights under this Agreement, in addition to any and all other rights and remedies at Law or in equity, and all such rights and remedies shall be cumulative. The Parties agree that the remedies at Law for any breach or threatened breach, including monetary damages, may be inadequate compensation for any loss and that any defense in any Proceeding for specific performance that a remedy at Law would be adequate is waived. Unless otherwise agreed in writing, the Parties shall continue to provide Services and honor all other commitments under this Agreement during the course of dispute resolution pursuant to the provisions of [Section 9.07](#) and this [Section 9.08](#) with respect to all matters subject to such Dispute; provided, however, that this obligation shall only exist during the term of this Agreement.

Section 9.09. [Interpretation](#). Words in the singular shall be deemed to include the plural and vice versa and words of one gender shall be deemed to include the other genders as the context requires. The terms “hereof,” “herein,” and “herewith” and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement as a whole (including all of the Schedules and Exhibits hereto and thereto) and not to any particular provision of this Agreement. Section, Exhibit and Schedule references are to the Sections, Exhibits, and

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Schedules to this Agreement unless otherwise specified. Unless otherwise stated, all references to any agreement shall be deemed to include the exhibits, schedules and annexes to such agreement. The word “including” and words of similar import when used in this Agreement shall mean “including, without limitation,” unless the context otherwise requires or unless otherwise specified. The word “or” shall not be exclusive. Unless otherwise specified in a particular case, the word “days” refers to calendar days. References herein to this Agreement or any other agreement contemplated herein shall be deemed to refer to this Agreement or such other agreement as of the date on which it is executed and as it may be amended, modified or supplemented thereafter, unless otherwise specified. References to the performance, discharge or fulfillment of any Liability in accordance with its terms shall have meaning only to the extent such Liability has terms. If the Liability does not have terms, the reference shall mean performance, discharge or fulfillment of such Liability.

Section 9.10. [Headings](#). The Article, Section and Paragraph headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

Section 9.11. Amendment. Except with respect to the execution of any Joinder Agreement, or the amendment, supplementation or modification thereof in accordance with the terms and provisions of such Joinder Agreement, no provisions of this Agreement shall be deemed amended, supplemented or modified unless such amendment, supplement or modification is in writing and signed by an authorized representative of each of Abbott and AbbVie. No provisions of this Agreement shall be deemed waived unless such waiver is in writing and signed by the authorized representative of the Party against whom it is sought to be enforced.

Section 9.12. Assignability. This Agreement shall not be assigned without the prior written consent of Abbott and AbbVie, except that:

(a) each Party may assign all of its rights and obligations under this Agreement to any of its Subsidiaries; provided, however, that no such assignment shall release the assigning Party from any Liability under this Agreement; and

(b) in connection with (i) the divestiture of all or substantially all of the assets of a Recipient or Provider to a Third Party or (ii) a Change of Control of a Recipient or Provider, the applicable Recipient or Provider may assign to such Third Party its rights and obligations as a Recipient or Provider under this Agreement; provided, however, that (x) no such assignment shall release the assigning Party from any Liability under this Agreement, (y) any and all costs and expenses incurred by any Party in connection with such assignment (including in connection with clause (z) of this proviso) shall be borne solely by the assigning Party, and (z) Abbott and AbbVie shall in good faith negotiate any amendments to this Agreement, including the Exhibits and Schedules to this Agreement, that may be reasonably necessary in order to assign such Services.

Section 9.13. Audit Assistance. Each of the Parties and their respective Subsidiaries are or may be subject to regulation and audit by a Governmental Authority, standards organizations, customers or other parties to contracts with such Parties or their respective Subsidiaries under

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applicable Law, standards or contract provisions. If a Governmental Authority, standards organization, customer or other party to a contract with a Party or its Subsidiary exercises its right to examine or audit such Party's or its Subsidiary's books, records, documents or accounting practices and procedures pursuant to such applicable Law, standards or contract provisions, and such examination or audit relates to the Services, then the other Parties shall provide, at the sole cost and expense of the requesting Party, all assistance reasonably requested by the Party that is subject to the examination or audit in responding to such examination or audits or requests for information, to the extent that such assistance or information is within the reasonable control of the cooperating Party and is related to the Services.

Section 9.14. Survival of Covenants. Except as expressly set forth in this Agreement, the covenants and other agreements contained in this Agreement, and Liability for the breach of any obligations contained herein, shall survive the Effective Time and shall remain in full force and effect thereafter.

Section 9.15. Subsidiaries. Abbott shall cause to be performed, and hereby guarantees the performance of, all actions, agreements and obligations set forth herein and in any Joinder Agreement to be performed by an Abbott Subsidiary and AbbVie shall cause to be performed, and hereby guarantees the performance of, all actions, agreements and obligations set forth herein and in any Joinder Agreement to be performed by an AbbVie Subsidiary.

Section 9.16. Waivers of Default. Waiver by any Party of any default by the other Party of any provision of this Agreement shall not be deemed a waiver by the waiving Party of any subsequent or other default, nor shall it prejudice the rights of the waiving Party.

Section 9.17. Notices. All Notices under this Agreement shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by overnight courier service, by facsimile with receipt confirmed (followed by delivery of an original via overnight courier service) or by registered or certified mail (postage prepaid, return receipt requested) to the respective Parties at the following addresses, with a copy (which shall not constitute Notice) to the applicable Abbott Subsidiary or applicable AbbVie Subsidiary at the respective addresses set forth in the applicable Joinder Agreement (or at such other address for a Party as shall be specified in a Notice):

If to Abbott:

Abbott Laboratories  
100 Abbott Park Road  
Abbott Park, Illinois 60064-6020  
Attn: Divisional Vice President, Abbott Transition Organization  
Facsimile: (847) 938-5313

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If to AbbVie:

AbbVie Inc.  
1 North Waukegan Road  
North Chicago, Illinois 60064  
Attn: Vice President, Strategic Initiative  
Facsimile: (847) 937-4330

Abbott and AbbVie may, by Notice to such other Party, change the address to which such Notices are to be given.

Section 9.18. Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement.

Section 9.19. Entire Agreement. This Agreement, the Joinder Agreements, and the exhibits and schedules hereto and thereto contain the entire agreement between the Parties with respect to the subject matter hereof, supersedes all previous agreements, negotiations, discussions, writings, understandings, commitments and conversations with respect to such subject matter and there are no agreements or understandings between the Parties other than those set forth or referred to herein or therein.

Section 9.20. Corporate Power. Abbott represents on behalf of itself and, to the extent applicable, each Abbott Subsidiary, and AbbVie represents on behalf of itself and, to the extent applicable, each AbbVie Subsidiary, as follows:

(a) each such Person has the requisite corporate or other power and authority and has taken all corporate or other action necessary in order to execute, deliver and perform this Agreement and to consummate the transactions contemplated hereby; and

(b) this Agreement has been duly executed and delivered by it and constitutes a valid and binding agreement of it enforceable in accordance with the terms hereof.

Section 9.21. Signatures and Delivery. Each of Abbott and AbbVie acknowledges that it may execute this Agreement by manual, stamp or mechanical signature, and that delivery of an executed counterpart of a signature page to this Agreement (whether executed by manual, stamp or mechanical signature) by facsimile or by email in portable document format (PDF) shall be effective as delivery of such executed counterpart of this Agreement. Each of Abbott and AbbVie expressly adopts and confirms a stamp or mechanical signature (regardless of whether delivered in person, by mail, by courier, by facsimile or by email in portable document format (PDF)) made in its respective name as if it were a manual signature delivered in person, agrees that it shall not assert that any such signature or delivery is not adequate to bind it to the same extent as if it were signed manually and delivered in person and agrees that, at the reasonable request of the other Party at any time, it shall as promptly as reasonably practicable cause this Agreement to be manually executed (any such execution to be as of the date of the initial date hereof) and delivered in person, by mail or by courier.

Section 9.22. Severability. In the event that any one or more of the terms or provisions of this Agreement or the application thereof to any Person or circumstance is determined by a

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court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Agreement, or the application of such term or provision to Persons or circumstances or in jurisdictions other than those as to which it has been determined to be invalid, illegal or unenforceable, and Abbott and AbbVie shall use their commercially reasonable efforts to substitute one or more valid, legal and enforceable terms or provisions into this Agreement which, insofar as practicable, implement the purposes and intent of the Parties. Any term or provision of this Agreement held invalid or unenforceable only in part, degree or within certain jurisdictions shall remain in full force and effect to the extent not held invalid or unenforceable to the extent consistent with the intent of the Parties as reflected by this Agreement. To the extent permitted by applicable Law, each Party waives any term or provision of Law which renders any term or provision of this Agreement to be invalid, illegal or unenforceable in any respect.

Section 9.23. Attorney-in-Fact. Each Abbott Subsidiary that executes a Joinder Agreement designates and appoints Abbott as such Party's agent and attorney-in-fact with full power and authority to act for and on behalf of such Party in the absolute discretion of Abbott, and each AbbVie Subsidiary that executes a Joinder Agreement designates and appoints AbbVie as such Party's agent and attorney-in-fact

with full power and authority to act for and on behalf of such Party in the absolute discretion of AbbVie, in each case with respect to all matters relating to this Agreement, including execution and delivery of any amendment, supplement, modification or termination of this Agreement and any waiver of any claim or right arising out of this Agreement, agreeing on the Charges from time to time and any adjustments thereto, and, in general, to do all things and to perform all acts, including executing and delivering all agreements, certificates, receipts, instructions, and other instruments contemplated by or deemed advisable to effectuate the provisions of this Section 9.23. In addition, the Parties agree that:

(a) This appointment and grant of power and authority is coupled with an interest and is in consideration of the mutual covenants made in this Agreement and is irrevocable and will not be terminated by any act of any Abbott Subsidiary or AbbVie Subsidiary that is a Party or by operation of Law or by the occurrence of any other event. Each Abbott Subsidiary that is a Party hereby consents to the taking of any and all actions and the making of all decisions required or permitted to be taken or made by Abbott pursuant to this Section 9.23, and each AbbVie Subsidiary that is a Party hereby consents to the taking of any and all actions and the making of all decisions required or permitted to be taken or made by AbbVie pursuant to this Section 9.23. Each Abbott Subsidiary that is a Party agrees that Abbott shall have no obligation or Liability to any Person for any action taken or omitted by Abbott in good faith, and each AbbVie Subsidiary that is a Party agrees that AbbVie shall have no obligation or Liability to any Person for any action taken or omitted by AbbVie in good faith; and

(b) Abbott shall be entitled to rely upon any document or other paper delivered by AbbVie as being authorized by each AbbVie Subsidiary that is a Party, and AbbVie shall be entitled to rely upon any document or other paper delivered by Abbott as being authorized by each Abbott Subsidiary that is a Party.

Section 9.24. Further Assurances. Each Party hereto shall take, or cause to be taken, any and all reasonable actions, including the execution, acknowledgment, filing and delivery of

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any and all documents and instruments that any other Party hereto may reasonably request in order to effect the intent and purpose of this Agreement and the transactions contemplated hereby.

Section 9.25. Public Announcements. From and after the Effective Time, Abbott and AbbVie shall consult with each other before issuing, and give each other the opportunity to review and comment upon, that portion of any press release or other public statements that relates to the transactions contemplated by this Agreement, and shall not issue any such press release or make any such public statement prior to such consultation, except as may be required by applicable Law, court process or by obligations pursuant to any listing agreement with any national securities exchange or national securities quotation system. No other Provider or Recipient shall issue any press release or other public statement with respect to the transactions contemplated by this Agreement without the prior written consent of Abbott and AbbVie.

Section 9.26. Mutual Drafting. This Agreement shall be deemed to be the joint work product of the Parties and any rule of construction that a document shall be interpreted or construed against a drafter of such document shall not be applicable.

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IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives.

ABBOTT LABORATORIES

ABBVIE INC.

By: /s/ Thomas C. Freyman  
Name: Thomas C. Freyman  
Title: Executive Vice President, Finance and Chief Financial Officer

By: /s/ Richard A. Gonzalez  
Name: Richard A. Gonzalez  
Title: Chairman of the Board and Chief Executive Officer

*[Signature Page to Ex-U.S. Transition Services Agreement]*

**Exhibit A-1 — Ex-US TSA Service**

**TSA Title:** Other Manufacturing Costs  
**Description of TSA Services:** Provide other manufacturing services required to support the business of the Service Recipient.  
  
Services may include, but are not limited to: labeling, stickering, inventory re-work and similar ancillary activities, as historically provided within or among Abbott Divisions. Services do not include core product manufacturing.

A-1

**Exhibit A-2 — Ex-US TSA Service**

**TSA Title:** Quality Assurance  
**Description of TSA Services:** Provide quality assurance services required to support the business of the Service Recipient.  
  
Services may include, but are not limited to: quality management, validation, complaints and product actions, and documentation & change control, as historically provided within or among Abbott Divisions.

A-2

**Exhibit A-3 — Ex-US TSA Service**

**TSA Title:** Distribution — Order Entry  
**Description of TSA Services:** Provide distribution — order entry services required to support the business of the Service Recipient.  
  
Services may include, but are not limited to: customer order-taking, administration & review of customer orders, issue resolution and related functions, as historically provided within or among Abbott Divisions.

A-3

**Exhibit A-4 — Ex-US TSA Service**

**TSA Title:** Distribution — Warehousing  
**Description of TSA Services:** Provide distribution — warehousing services required to support the business of the Service Recipient.  
  
Services may include, but are not limited to: receipt, storage, order picking and dispatch of products and related services, as historically provided within or among Abbott Divisions.

A-4

**Exhibit A-5 — Ex-US TSA Service**

**TSA Title:** Other Charges to COGS  
**Description of TSA Services:** Provide other charges to COGS services required to support the business of the Service Recipient.  
Services may include, but are not limited to: ancillary distribution or logistics support services historically provided within or among Abbott Divisions and not included as part of the order entry or warehouse / logistics service categories.

A-5

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**Exhibit A-6 — Ex-US TSA Service**

**TSA Title:** Regulatory Affairs  
**Description of TSA Services:** Provide regulatory affairs services required to support the business of the Service Recipient.  
Services may include, but are not limited to: promotional review, clinical study support, preparation & review of regulatory documentation, interface with key regulatory agencies and resolution of regulatory issues, as historically provided within or among Abbott Divisions.

A-6

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**Exhibit A-7 — Ex-US TSA Service**

**TSA Title:** Medical Affairs  
**Description of TSA Services:** Provide medical affairs services required to support the business of the Service Recipient.  
Services may include, but are not limited to: safety data analysis and collection for marketed and investigational products, review of promotional literature and interaction with physicians who may require particular information that cannot be provided by the commercial team, as historically provided within or among Abbott Divisions.

A-7

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**Exhibit A-8 — Ex-US TSA Service**

**TSA Title:** Pharmacovigilance  
**Description of TSA Services:** Provide medical affairs services required to support the business of the Service Recipient.  
Services may include, but are not limited to: adverse event data collection reporting and analysis and support of active surveillance and observational study activities, as historically provided within or among Abbott Divisions.

A-8

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**Exhibit A-9 — Ex-US TSA Service**

**TSA Title:** Development  
**Description of TSA Services:** Provide development services required to support the business of the Service Recipient.  
Services may include, but are not limited to: management of clinical trials, operations management for the planning, execution and reporting of clinical development, and support to enable commercialization of drug development projects, as historically provided within or among Abbott Divisions.

A-9

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**Exhibit A-10 — Ex-US TSA Service**

**TSA Title:** Other R&D / Medical  
**Description of TSA Services:** Provide other R&D/medical services required to support the business of the Service Recipient.  
Services may include, but are not limited to: ancillary R&D/medical support services as historically provided within or among Abbott Divisions and not included as part of the regulatory affairs, medical affairs, pharmacovigilance or development service categories.

A-10

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**Exhibit A-11 — Ex-US TSA Service**

**TSA Title:** Advertising / Marketing  
**Description of TSA Services:** Provide advertising / marketing services required to support the business of the Service Recipient.  
Services may include, but are not limited to: ancillary advertising / marketing support services, as historically provided within or among Abbott Divisions.

A-11

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**Exhibit A-12 — Ex-US TSA Service**

**TSA Title:** Sales Force Support  
**Description of TSA Services:** Provide sales force support services required to support the business of the Service Recipient.  
Services may include, but are not limited to: ancillary sales force support services, as historically provided within or among Abbott Divisions.

A-12

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**Exhibit A-13 — Ex-US TSA Service**

**TSA Title:** Accounting, Reporting & Financial Services  
**Description of TSA Services:** Provide accounting, reporting and financial services required to support the business of the Service Recipient. Services will be provided in accordance with U.S. Generally Accepted Accounting Principles (reported monthly), local statutory requirements (reported annually or as frequently as required by this jurisdiction), and current Abbott Financial policies and procedures. Any financial calculations will be done using established Abbott methods.



Services will be provided using Abbott's existing systems and processes and may include, but are not limited to: general accounting & reporting, accounts receivable, inventory accounting, fixed asset accounting, accounts payable, travel expense processing and reporting, payroll, treasury and similar services, as historically provided within or among Abbott Divisions.

A-13

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**Exhibit A-14 — Ex-US TSA Service**

**TSA Title:** Financial Planning & Analysis  
**Description of TSA Services:** Provide financial planning & analysis services required to support the business of the Service Recipient.  
  
Services may include, but are not limited to: data aggregation, analysis and reporting services, as historically provided within or among Abbott Divisions.

A-14

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**Exhibit A-15 — Ex-US TSA Service**

**TSA Title:** Information Technology  
**Description of TSA Services:** Provide information technology services required to support the business of the Service Recipient.  
  
Services may include, but are not limited to: application support, infrastructure support, desktop support and other IT support services. IT systems supported may include, but are not limited to: enterprise systems (email, Sharepoint, etc.), transaction systems (BPCS, SAP, etc.) and ancillary support systems (Data analytics, CRM solutions, etc.), as historically provided within or among Abbott Divisions.

A-15

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**Exhibit A-16 — Ex-US TSA Service**

**TSA Title:** Office Space, Facilities & Related  
**Description of TSA Services:** Provide office space, facilities & related services required to support the business of the Service Recipient.  
  
Services may include, but are not limited to: reception, security, mail, utilities and similar services, as historically provided within or among Abbott Divisions. Services do not include lease or sublease of facilities where those services are addressed in a separate lease or sublease agreement.

A-16

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**Exhibit A-17 — Ex-US TSA Service**

**TSA Title:** Other General Administration  
**Description of TSA Services:** Provide other general administration services required to support the business of the Service Recipient.  
  
Services may include, but are not limited to: ancillary general administration support services historically provided within or among Abbott Divisions and not included as part of the accounting reporting & financials services, financial planning & analysis, or information technology service categories.

A-17

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**Exhibit B**

**Omitted Services/Additional Services Template**

**TSA Title:**  
**Description of TSA Services:**

B-1

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**Exhibit C**

**Joinder Agreement**

C-1

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THIS JOINDER AGREEMENT ("Joinder Agreement") is executed pursuant to Section 2.09 of the Ex-U.S. Transition Services Agreement dated as of December 31, 2012 (the "Ex-U.S. TSA"), and is dated as of [·], 2012, by and between [name of Abbott Subsidiary], a [entity type] organized under the laws of [Jurisdiction] ("Abbott Subsidiary") and [name of AbbVie Subsidiary], a [entity type] organized under the laws of [Jurisdiction] ("AbbVie Subsidiary"), as a Provider or Recipient, as applicable, as indicated on Schedule 1 hereto. Terms used herein and not otherwise defined herein shall have the meanings attributed to them in the Ex-U.S. TSA.

**R E C I T A L S:**

WHEREAS, the board of directors of Abbott Laboratories, an Illinois corporation ("Abbott"), has determined that it is appropriate and advisable to separate Abbott's research-based pharmaceuticals business from its other businesses;

WHEREAS, in order to effectuate the foregoing, Abbott and AbbVie Inc., a Delaware corporation ("AbbVie"), have entered into a Separation and Distribution Agreement, dated as of November 28, 2012 (the "Separation and Distribution Agreement"), which provides for, among other things, the contribution from Abbott to AbbVie of certain assets, the assumption by AbbVie of certain Liabilities (as defined in the Separation and Distribution Agreement) from Abbott, the distribution by Abbott of AbbVie common stock to Abbott shareholders, and the execution and delivery of certain agreements in order to facilitate and provide for the foregoing, in each case subject to the terms and conditions set forth therein;

WHEREAS, in order to facilitate and provide for an orderly transition under the Separation and Distribution Agreement, Abbott and AbbVie have entered into the Ex-U.S. TSA, which sets forth the terms and conditions pursuant to which each Provider shall provide to the applicable Recipient the Services described in the Ex-U.S. TSA for a transitional period; and

WHEREAS, each of Abbott Subsidiary and AbbVie Subsidiary desire to execute this Joinder Agreement to be bound by the terms of the Ex-U.S. TSA.

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained in this Joinder Agreement and the Ex-U.S. TSA, Abbott Subsidiary and AbbVie Subsidiary hereby agree as follows:

1. Agreement to be Bound. Each of Abbott Subsidiary and AbbVie Subsidiary agree that, with effect from the Commencement Date set forth in Schedule 1 hereto and pursuant to Section 2.09 of the Ex-U.S. TSA, it shall become a party to the Ex-U.S. TSA as a Provider and a Recipient, respectively, and shall be fully bound by and subject to all of the covenants, terms and conditions of the Ex-U.S. TSA with the same force and effect as if it were an original party thereto. Each of Abbott Subsidiary and AbbVie Subsidiary acknowledges that it has received a copy of the Ex-U.S. TSA.

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Other Mg. Costs  
Quality Assurance  
Distribution — Order Entry  
Distribution — Warehousing/Log  
Other Charges to COGS  
Regulatory Affairs  
Medical Affairs  
Pharmacovigilance  
Development  
Other R&D / Medical  
Advertising / Marketing  
Sales Force Support  
Acctg, Reporting & Financial Services  
Financial Planning & Analysis  
Information Technology  
Office Space, Facilities & Related  
Other General Administrative

Schedule 1 - i

Provider: [AbbVie Subsidiary]  
Recipient: [Abbott Subsidiary]

Initial Services	Commencement Date	Early Termination Date	Date of Expiration of Service Extension Period
Other Mg. Costs			
Quality Assurance			
Distribution — Order Entry			
Distribution — Warehousing/Log			
Other Charges to COGS			
Regulatory Affairs			
Medical Affairs			
Pharmacovigilance			
Development			
Other R&D / Medical			
Advertising / Marketing			
Sales Force Support			
Acctg, Reporting & Financial Services			
Financial Planning & Analysis			
Information Technology			
Office Space, Facilities & Related			
Other General Administrative			

Schedule 1 - ii

**TAX SHARING AGREEMENT****Between****ABBOTT LABORATORIES****on behalf of itself****and the ABBOTT AFFILIATES****and****ABBVIE INC.****on behalf of itself****and the ABBVIE AFFILIATES**

This Tax Sharing Agreement (the "Agreement") is entered into as of the 31st day of December, 2012, between Abbott Laboratories ("Abbott"), an Illinois corporation, and AbbVie Inc. ("AbbVie"), a Delaware corporation.

**R E C I T A L S:**

WHEREAS, the board of directors of Abbott has determined that it is appropriate and advisable to: (i) separate Abbott's research-based pharmaceuticals business (the "PPD business" or "Transferred Business") from Abbott's remaining businesses (the "Separation"), which will include the transfer of the assets (including interests in intangible assets and stock of subsidiaries) used in connection with the PPD business to AbbVie (the "Contribution"); and (ii) following the Separation, make a distribution, on a pro rata basis, to holders of common shares, without par value, of Abbott of all of the outstanding shares of common stock, par value \$0.01 per share, of AbbVie owned by Abbott (the "Distribution") (the date of such Distribution, the "Distribution Date"); and

WHEREAS, Abbott and AbbVie intend that the Contribution and Distribution and certain other transactions effected as part of the Separation qualify as Tax-free under Sections 355 and 361 of the Internal Revenue Code of 1986, as amended (the "Code");

WHEREAS, as of the date hereof, Abbott is the common parent of an affiliated group of domestic corporations, including AbbVie, that has elected to file consolidated U.S. federal income Tax Returns and, as a result of the Distribution, neither AbbVie nor any of its Affiliates will be a member of such group after the close of the Distribution Date;

WHEREAS, certain Tax liabilities will be incurred in connection with the transactions involved in the Separation, Contribution and Distribution, including transactions occurring after the Effective Date;

WHEREAS, Abbott and AbbVie desire to allocate the responsibilities for various Taxes described in the fourth WHEREAS clause and to provide for certain additional Tax matters;

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained in this Agreement, Abbott and AbbVie (each on behalf of itself, each of its Affiliates as of the Effective Time, and its future Affiliates) hereby agree as follows:

**ARTICLE I. DEFINITIONS**

**Section 1.01 Definitions.** Reference is made to Section 5.14 of this Agreement regarding the interpretation of certain words and phrases used in this Agreement.

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Capitalized terms used in this Agreement and not defined in this Section 1.01 shall have the meanings assigned to them in the Distribution Agreement. In addition, for the purpose of this Agreement, the following terms shall have the meanings set forth below.

"Abbott" has the meaning set forth in the Preamble.

"Abbott Group" means Abbott and all Affiliates of Abbott other than any member of the AbbVie Group.

"Abbott Park Lease" means the Abbott Park Lease Agreement regarding Abbott Park entered into by and between Abbott and AbbVie in connection with the Separation as the same may be amended.

"AbbVie" has the meaning set forth in the Preamble.

"AbbVie Group" means AbbVie and all Affiliates of AbbVie other than members of the Abbott Group.

"Affiliate" has the meaning set forth in the Distribution Agreement.

"Accounts Payable U.S. Services BSP Transition Services Lead Sheet" means the Accounts Payable U.S. Services BSP Transition Services Lead Sheet attached to the U.S. Transition Services Agreement.

"After-Tax Amount" means, with respect to any payment under this Agreement, an additional amount necessary to reflect the increase in Tax that would result from the receipt or accrual of any payment, using the maximum statutory rate (or rates, in the case of an item that affects more than one Tax) applicable to the recipient of such payment for the relevant Tax periods, whether or not an actual increase occurs, and reflecting any Tax savings available to the recipient.

"Agreement" has the meaning set forth in the Preamble.

"Code" has the meaning ascribed to such term in the second WHEREAS clause hereof.

"Contribution" has the meaning ascribed to such term in the first WHEREAS clause hereof.

"Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of an entity, whether through ownership of voting securities, by contract or otherwise.

"Corresponding Portion of the Tax Detriment" means the product of the Tax Detriment and a fraction the numerator of which is the amount of the related Tax Benefit for a taxable period and the denominator of which is the sum of the related Tax Benefits for all of the relevant taxable periods.

"Covered Transaction Tax" has the meaning ascribed to such term in Section 3.01(a).

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"Determination" means (i) with respect to U.S. federal income Tax, a "determination" as defined in Section 1313(a) of the Code or execution of an Internal Revenue Service Form 870AD and, with respect to a Tax other than U.S. federal income Tax, any final determination of liability for such Tax that, under applicable law, is not subject to further appeal, review, or modification through proceedings or otherwise, (ii) the expiration of a statute of limitations for making an assessment or filing a claim of refund, or (iii) the payment of, or incurring liability for, Tax with respect to which the Party paying or incurring such Tax determines that no action should be taken to recoup such payment or contest such liability, provided that such Party is responsible for such Tax under this Agreement.

“Distribution” has the meaning ascribed to such term in the first WHEREAS clause hereof.

“Distribution Agreement” means the Separation and Distribution Agreement entered into by and between Abbott and AbbVie as the same may be amended.

“Distribution Date” has the meaning ascribed to such term in the first WHEREAS clause hereof.

“EMA” means the Employee Matters Agreement, as set forth in the Distribution Agreement.

“Effective Time” has the meaning set forth in the Distribution Agreement.

“Employment Taxes” means withholding, payroll, social security, workers compensation, unemployment, disability, and other similar taxes imposed by any Tax Authority, and any interest, penalties, additions to tax, or additional amounts with respect to the foregoing imposed on any taxpayer or consolidated, combined, or unitary group of taxpayers.

“Expense Reporting Position” has the meaning ascribed to such term in Section 4.02(i).

“Foreign Tax Credit Reporting Position” has the meaning ascribed to such term in Section 4.02(g)(ii).

“Governmental Authority” has the meaning set forth in the Distribution Agreement.

“ICO Agreement” means any of the International Commercial Operations Agreements, as set forth in the Distribution Agreement.

“Income Reporting Position” has the meaning ascribed to such term in Section 4.02(g)(ii).

“Indemnified Party” has the meaning ascribed to such term in Section 5.17(a).

“Indemnifying Party” has the meaning ascribed to such term in Section 5.17(a).

“Internal Distribution” has the meaning ascribed to such term in Section 3.01(b).

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“IRS” means the United States Internal Revenue Service.

“Other Tax Ruling” means each ruling (other than the Private Letter Ruling) issued by a Tax Authority pursuant to a ruling request filed on behalf of Abbott and/or an Abbott Affiliate prior to the Effective Date with respect to a transaction or transactions undertaken in connection with the Separation, Contribution and Distribution, together with all supplemental filings and exhibits thereto.

“Other Transaction” has the meaning ascribed to such term in Section 3.01(a).

“Parties” means the parties to this Agreement.

“Payment Reporting Position” has the meaning ascribed to such term in Section 4.02(g)(ii).

“Person” has the meaning set forth in the Distribution Agreement.

“Plan Reporting Position” has the meaning ascribed to such term in Section 4.02(j).

“Post-Distribution Period” means any taxable period or portion of a taxable period beginning after the Distribution Date.

“Pre-Distribution Period” means any taxable period or portion of a taxable period ending on or before the Distribution Date.

“Prime Rate” has the meaning set forth in the Distribution Agreement.

“Private Letter Ruling” means the private letter ruling issued by the IRS on October 25, 2012, in connection with the Separation, Contribution, Distribution, and related transactions, including the request for such rulings together with all supplemental filings and exhibits thereto submitted to the IRS on behalf of Abbott or its subsidiaries in connection therewith.

“Remitting Party” has the meaning ascribed to such term in Section 5.17(b).

“Responsible Party” has the meaning ascribed to such term in Section 5.17(b).

“Section 355(e) Event” has the meaning ascribed to such term in Section 3.01(b).

“Separation” has the meaning ascribed to such term in the first WHEREAS clause hereof.

“Specified Action” has the meaning ascribed to such term in Section 4.02(b).

“Straddle Period” means any taxable period beginning on or before the Distribution Date and ending after the Distribution Date.

“Tax” means: (i) any income, net income, gross income, gross receipts, profits, capital stock, franchise, property, ad valorem, stamp, excise, severance, occupation, service, sales, use, license, lease, transfer, import, export, customs duties, value added, alternative

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minimum, estimated or other similar tax (including any fee, assessment, or other charge in the nature of or in lieu of any tax) imposed by any Tax Authority, and any interest, penalties, additions to tax or additional amounts with respect to the foregoing imposed on any taxpayer or consolidated, combined or unitary group of taxpayers; and (ii) any Employment Tax.

“Tax Authority” means, with respect to any Tax, the Governmental Authority or political subdivision thereof that imposes such Tax, and the agency (if any) charged with the collection of such Tax for such entity or subdivision.

“Tax Benefit” means the reduction in Tax that should result from any item of loss, deduction (including from depreciation or amortization), or credit (or any other item), whether or not an actual reduction in Tax occurs, including any interest with respect thereto or interest that would have been payable but for such item, net of any Tax on such interest. For purposes of calculating the amount of any Tax Benefit, the maximum statutory rate (or rates, in the case of an item that affects more than one Tax) applicable to each item of income, gain, loss, deduction, or credit (or any other item) shall be used.

“Tax Contest” means an audit, review, examination, or any other administrative or judicial proceeding with the purpose or effect of redetermining any Tax (including any administrative or judicial review of any claim for refund).

“Tax Detriment” means the increase in Tax that should result from any item of income or gain (or any other item), whether or not an actual increase in Tax occurs, including any interest with respect thereto, net of any Tax savings attributable to such interest. For purposes of calculating the amount of any Tax Detriment, the maximum statutory rate (or rates, in the case of an item that affects more than one Tax) applicable to each item of income, gain, loss, deduction, or credit (or any other item) shall be used.

“Tax Opinion” means the opinion on the United States federal income taxation of certain matters involved in the Separation and the Distribution provided by Baker McKenzie LLP to Abbott.

“Tax Package” means the information and documents in the possession of the AbbVie Group that are reasonably necessary for the preparation of a Tax Return of the Abbott Group with respect to a Pre-Distribution Period, assembled in all material respects in accordance with the standards that Abbott has heretofore applied to divisions and Affiliates.

“Tax Records” means all records relating to any Tax, including without limitation Tax Returns, journal vouchers, cash vouchers, general ledgers, material contracts, Tax Return workpapers and schedules, appraisal reports, authorizations for expenditures, and documents relating to rulings or other Determinations by any Tax Authority.

materials submitted with any of the foregoing, and including any amendments or supplements to any of the foregoing for any taxpayer or consolidated, combined, or unitary group of taxpayers.

“Third Party” has the meaning set forth in the Distribution Agreement.

“U.S. Payroll Processing & Services BSP Transition Services Lead Sheet” means the U.S. Payroll Processing & Services BSP Transition Services Lead Sheet attached to the U.S. Transition Services Agreement.

“U.S. Transferred Employee” has the meaning set forth in the EMA by and between Abbott and AbbVie.

“U.S. Transition Services Agreement” means the U.S. Transition Services Agreement set forth in the Distribution Agreement.

## ARTICLE II. RESPONSIBILITY FOR TAX

### Section 2.01 Responsibility for Tax.

- (a) Except as specifically provided in any of the agreements contemplated by the Distribution Agreement, including the EMA with respect to Employment Taxes, Abbott shall be responsible for, and shall indemnify and hold harmless the AbbVie Group from any liability for (i) any Tax imposed by any Tax Authority on Abbott or an Abbott Affiliate, including AbbVie and all AbbVie Affiliates, for any Pre-Distribution Period, except (x) any Covered Transaction Tax for which AbbVie is responsible under Section 3.01(b) and (y) any non-income Tax imposed on AbbVie or any AbbVie Affiliate for such period; (ii) notwithstanding Section 2.01(a)(i)(y), any Tax (other than an income Tax) imposed on Abbott or any Abbott Affiliate arising from, or attributable to, any transfer of assets or liabilities in the Separation and including such transfers contemplated to occur after the Effective Time except to the extent recoupable by AbbVie or any AbbVie Affiliate, (iii) notwithstanding Section 2.01(a)(i)(y), any Employment Taxes imposed on Abbott or any Affiliate arising as a transferee of employees of AbbVie or any AbbVie Affiliate in connection with the Separation, and (iv) any Tax imposed by any Tax Authority on any member of the Abbott Group for any Post-Distribution Period.
- (b) Except as specifically provided in any of the agreements contemplated by the Distribution Agreement, including the EMA with respect to Employment Taxes, AbbVie shall be responsible for, and shall indemnify and hold harmless the Abbott Group from any liability for (i) any Tax imposed by any Tax Authority on AbbVie or an AbbVie Affiliate for any Post-Distribution Period; (ii) any Covered Transaction Tax for which AbbVie is responsible under Section 3.01(b); (iii) any non-income Tax imposed on AbbVie or any AbbVie Affiliate for any Pre-Distribution Period, including Employment

Taxes imposed on AbbVie or any AbbVie Affiliate as a transferee of employees of Abbott or any Abbott Affiliate in connection with the Separation, (iv) any Tax (other than an income Tax) imposed on AbbVie or any AbbVie Affiliate arising from, or attributable to, any transfer of assets or liabilities in the Separation and including such transfers contemplated to occur after the Effective Time except to the extent recoupable by Abbott or any Abbott Affiliate, and (v) any Tax imposed on Abbott or an Abbott Affiliate as a result of an action undertaken, or a failure to act, by AbbVie or an AbbVie Affiliate after the Effective Time (other than described in Section 2.01(d)).

- (c) The responsibility for any Tax incurred in a Straddle Period by any member of the AbbVie Group shall be allocated between the Pre-Distribution Period and the Post-Distribution Period as if such member closed its financial accounting records as of the Effective Time and determined the Tax attributable to the Pre-Distribution Period by applying the method of tax accounting that has historically been used for the business of such member.
- (d) With respect to a Deferred AbbVie Local Business: (i) the U.S. federal income Tax treatment of payments under any ICO Agreement is described in Section 4.02(g)(i); (ii) the U.S. federal income Tax treatment of the income of the Deferred AbbVie Local Business while it is held by Abbott or any Abbott Affiliate following the Distribution Date is described in Section 4.20(g)(ii); (iii) the responsibility for transfer Taxes arising or attributable to the transfer of a Delayed AbbVie Local Business to AbbVie or an AbbVie Affiliate following the Distribution Date is addressed in Section 2.01(a) and (b); and (iv) the responsibility for, and allocation of, non-U.S. income Taxes arising from the transfer of the assets and liabilities of a Delayed AbbVie Local Business to AbbVie or an AbbVie Affiliate (or other disposition thereof) is set forth in the ICO Agreements.

### Section 2.02 Refunds, Tax Benefits, and Other Allocations

- (a) Refunds and Carrybacks.
  - (i) Abbott Refunds. Except as provided in Section 2.02(a)(iv) below, Abbott shall be entitled to all refunds (including refunds paid by means of a credit against other or future Tax liabilities) and credits with respect to any Tax for which Abbott is responsible under Section 2.01.
  - (ii) AbbVie Refunds. AbbVie shall be entitled to all refunds (including refunds paid by means of a credit against other or future Tax liabilities) and credits with respect to any Tax for which AbbVie is responsible under Section 2.01.
  - (iii) Payment of Refunds. Except as provided in Section 2.02(a)(iv), AbbVie shall forward to Abbott, or reimburse Abbott for, any refunds due

Abbott (pursuant to the terms of this Section 2.02(a)) after receipt thereof (less any Tax Detriment attributable to such refunds), and Abbott shall forward to AbbVie, or reimburse AbbVie for, any refunds due AbbVie (pursuant to the terms of this Section 2.02(a)) after receipt thereof (less any Tax Detriment attributable to such refunds). In the case of a refund received in the form of a credit against other or future Tax liabilities, reimbursement with respect to such refund shall be due in each case on the due date for payment of the Tax against which such refund has been credited. Any payment required to be made pursuant to this Section 2.02(a)(iii) shall be made within thirty (30) days of the receipt of the refund. If Abbott reasonably so requests, AbbVie, at Abbott's expense, shall file for and pursue any refund to which Abbott is entitled under this Section 2.02(a). If AbbVie reasonably so requests, Abbott, at AbbVie's expense, shall file for and pursue any refund to which AbbVie is entitled under this Section 2.02(a). The Party making a payment pursuant to this Section 2.02(a)(iii) must deliver with the payment a statement describing in reasonable detail the basis for the calculation of the amount being paid.

- (iv) Carrybacks.
  - 1) The AbbVie Group shall be entitled to any refund of Abbott's Tax for a Pre-Distribution Period resulting from carrying back any item of loss, deduction or credit that arises in any Post-Distribution Period of AbbVie or member of the AbbVie Group only to the extent that (A) Abbott or the relevant Abbott Affiliate has no item of loss, deduction, or credit that can be carried back to such taxable period and (B) such carryback does not have a material adverse impact on Abbott, as reasonably determined by Abbott. If Abbott receives any such refund, it shall pay the portion thereof to which AbbVie is entitled within thirty (30) days of the later of (C) a Determination with respect to Abbott's Tax for such Pre-Distribution Period or (D) a Determination with respect to AbbVie's Tax for the Post-Distribution Period that gave rise to the refund received by Abbott; PROVIDED, HOWEVER, that if AbbVie provides Abbott with a letter of credit in a form reasonably acceptable to Abbott and issued by a major money center commercial bank reasonably acceptable to Abbott not expiring before the later of clause (C) or (D) of this Section 2.02(a)(iv)(1), then Abbott shall pay to AbbVie that portion of the refund covered by the letter of credit no later than thirty (30) days after receipt of the refund or of the letter of credit, whichever is later.
  - 2) If AbbVie has a loss or other Tax attribute for any Post-Distribution Period that is to be carried back to any Pre-Distribution Period, AbbVie shall notify Abbott that such item

should be carried back. Such notification shall include a description in reasonable detail of the grounds for the refund and the amount thereof, and a certification by an appropriate officer of AbbVie setting forth AbbVie's belief, based on a thorough examination of the facts and Tax law relating to the Tax treatment of such item, that (A) the Tax treatment of such item is supported by “substantial authority” within the meaning of Section 6662 of the Code (and the Treasury Regulations thereunder) or, where applicable, any analogous provision of state, local or foreign law and (B) the transaction has economic substance for purposes of Section 7701 of the Code and any analogous provision of state, local or foreign law. Abbott, at AbbVie's expense, shall cooperate with AbbVie in connection with the filing and processing of any AbbVie carryback and shall provide AbbVie with copies of all correspondence related thereto.

- 3) If Abbott pays any amount to AbbVie under Section 2.02(a)(iv)(1) and, as a result of a subsequent Determination, AbbVie is not entitled to all or any part of such amount, Abbott shall notify AbbVie of the amount to be repaid to Abbott and provide a description in reasonable detail of the manner in which such amount was calculated. AbbVie shall pay such amount to Abbott within thirty (30) days of such notification.
- 4) Any payment required to be made by Abbott pursuant to this Section 2.02(a)(iv) shall bear interest at the Prime Rate plus two percent from the date a refund is received by Abbott. Any payment required to be made by AbbVie pursuant to this Section 2.02(a)(iv) shall bear interest at the Prime Rate plus two percent beginning thirty (30) days after Abbott notifies AbbVie of the amount to be repaid. Such interest shall be paid at the same time as the payment to which it relates.

(b) Effect of Audit Adjustments.

Notwithstanding Section 2.01 —

- (i) Payments by AbbVie to Abbott. Except as provided in Section 3.01(b), if as a result of a Determination, any adjustment shall be made to any Tax Return relating, in whole or in part, to Tax for which any member of the Abbott Group is responsible, and if such adjustment results in both (x) a Tax Detriment to any member of the Abbott Group for any taxable period and (y) a Tax Benefit to any member of the AbbVie Group for any Post-Distribution Period, then AbbVie shall pay to Abbott an amount equal to the lesser of the Tax Benefit for each taxable period and the Corresponding Portion of the Tax Detriment. For the

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avoidance of doubt, this Section 2.02(b)(i) shall apply to any adjustment under Section 482 of the Code or any similar provisions by any Tax Authority increasing the amount of payments received or deemed received by Abbott or any Abbott Affiliate from AbbVie or any AbbVie Affiliate, including but not limited to the Abbott Park Lease. For purposes of determining the Tax Benefit: (I) if the Tax Detriment is less than \$10 million using, if applicable, the exchange rate on the date of the Determination, the Tax Benefit shall be calculated based solely on the Tax Benefit realized by the relevant AbbVie Group member directly affected by the Determination; (II) if the Tax Detriment is equal to or more than \$10 million using, if applicable, the exchange rate on the date of the Determination, the Tax Benefit shall be calculated taking into account not only the Tax Benefit described in (I) but also any Tax Benefits or Tax Detriments realized by any other member of the AbbVie Group attributable to the Determination.

- (ii) Payments by Abbott to AbbVie. If as a result of a Determination, any adjustment shall be made to any Tax Return relating, in whole or in part, to Tax for which any member of the AbbVie Group is responsible, and if such adjustment results in both (x) a Tax Detriment to any member of the AbbVie Group for any Post-Distribution Period and (y) a Tax Benefit to any member of the Abbott Group for any taxable period, then Abbott shall pay to AbbVie an amount equal to the lesser of the Tax Benefit for such taxable period and the Corresponding Portion of the Tax Detriment. For the avoidance of doubt, this Section 2.02(b)(ii) shall apply to any adjustment under Section 482 of the Code or any similar provisions by any Tax Authority increasing the amount of payments received or deemed received by AbbVie or any AbbVie Affiliate from Abbott or any Abbott Affiliate. For purposes of determining the Tax Benefit: (I) if the Tax Detriment is less than \$10 million using, if applicable, the exchange rate on the date of the Determination, the Tax Benefit shall be calculated based solely on the Tax Benefit realized by the relevant Abbott Group member directly affected by the Determination; and (II) if the Tax Detriment is equal to or more than \$10 million using, if applicable, the exchange rate on the date of the Determination, the Tax Benefit shall be calculated taking into account not only the Tax Benefit described in (I) but also any Tax Benefits or Tax Detriments realized by any other member of the Abbott Group attributable to the Determination.
- (iii) Timing of Payments. Any payment required to be made pursuant to this Section 2.02(b), shall be made the later of (x) thirty (30) days after the Determination that results in such payment pursuant to this Section 2.02(b) and (y) the earlier of (I) the due date of the Tax Return that includes the Tax Benefit that gives rise to the requirement for such payment and (II) the date the Tax Benefit is recognized in the financial statements of the Party making the payment.

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(c) Other Allocations

- (i) Research and Experimentation Credit Base Period. Abbott shall reasonably make the allocations to AbbVie required under Section 41(f)(3) of the Code. AbbVie agrees that it shall not file any Tax Return that is inconsistent with the amount of qualified research expenditures and gross receipts allocated to it by Abbott.
- (ii) Allocation of Earnings and Profits. The allocation of earnings and profits between Abbott and AbbVie and between their Affiliates in the case of any Internal Distribution shall be reasonably determined by Abbott pursuant to Section 312(h) of the Code and the relevant Treasury Regulations under the Code. A preliminary allocation of earnings and profits through December 31, 2012, shall be provided no later than forty-five (45) days after Abbott receives the allocation from the public accounting firm that prepares such allocation.
- (iii) Treatment of Tax Attributes. Abbott shall in good faith advise AbbVie in writing of the portion, if any, of the Tax attributes, including overall foreign loss or consolidated, combined or unitary attributes, which Abbott determines shall be allocated or apportioned to the AbbVie Group under applicable Law. AbbVie and all members of the AbbVie Group shall prepare all Tax Returns in accordance with such written notice. In the event that any temporary or final amendments to Treasury Regulations are promulgated after the date of this Agreement that provide for any election to apply such regulations retroactively, then any such election shall be made only to the extent that Abbott and AbbVie collectively agree to make such election. As soon as practicable after receipt of a written request from AbbVie, Abbott shall provide copies of any studies, reports, and workpapers supporting the Tax attributes, including earnings and profits, allocable to the AbbVie Group. For the absence of doubt, Abbott shall not be liable to AbbVie or any member of the AbbVie Group for any failure of any determination under this Section 2.02(c) to be accurate under applicable Law.
- (iv) Certain Section 59(e) Elections. Abbott, in its sole discretion, may timely make or cause to be made an election pursuant to Section 59(e) of the Code to capitalize and amortize over ten years all or a portion of the qualified research and experimental expenditures of the Transferred Businesses reflected on the original Abbott federal consolidated income Tax Return for the 2012 tax year.
- (v) Revised Allocations. The allocations made under this Section 2.02(c) shall be revised by Abbott to reflect each subsequent Determination that affects such allocations for any Pre-Distribution Period. Each revised calculation shall be provided to AbbVie within 120 days of the Determination to which the revision relates.

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- (vi) Review of Allocations. AbbVie shall have the right to review the accuracy, but not the methodology, of any allocation made under this Section 2.02(c). AbbVie shall notify Abbott of any disagreement within forty-five (45) days of being notified of any allocation. Any dispute shall be resolved pursuant to the procedures provided by this Agreement.

**Section 2.03 Option Deductions.** Solely the member of the Abbott Group or AbbVie Group for which the relevant individual is currently employed or, if such individual is not currently employed by a member of either group, was most recently employed, at the time of the vesting, exercise, disqualifying disposition, payment or other relevant taxable event, as appropriate, in respect of equity awards and other incentive compensation of such individual described in Section 6.01(a) of the EMA, shall be entitled to claim any income Tax deduction in respect of such equity awards and other incentive compensation on its respective Tax Return associated with such event. To the extent any Tax deduction that is described in the first sentence of this Section 2.03 and claimed by any member of the Abbott Group is disallowed to any and all members of the Abbott Group and a Tax Authority makes a Determination that a member of the AbbVie Group is entitled to such deduction, Abbott shall notify AbbVie of the receipt of such Determination, promptly after receipt thereof, and AbbVie shall pay to Abbott the lesser of the amount of its Tax Benefit and the amount of the corresponding Tax Detriment in accordance with Section 2.02(b). To the extent any Tax deduction that is described in the first sentence of this Section 2.03 and claimed by any member of the AbbVie Group is disallowed to any and all members of the AbbVie Group and a Tax Authority makes a Determination that a member of the Abbott Group is entitled to such deduction, AbbVie shall notify Abbott of the receipt of such Determination, promptly after receipt thereof, and Abbott shall pay to AbbVie the lesser of the amount of its Tax Benefit and the amount of the corresponding Tax Detriment in accordance with Section 2.02(b).

**Section 2.04 Tax Returns.**

- (a) Except as provided in Section 2.04(b), Abbott shall prepare and timely file all Tax Returns for Pre-Distribution Periods for Abbott and all of its Affiliates, including AbbVie and all of its Affiliates, and all Tax Returns for Straddle Periods for all members of the Abbott Group. In connection with each federal, state, local, and foreign Tax Return that is required under this Agreement to be filed by Abbott for taxable periods ending in 2012, AbbVie shall timely furnish to Abbott Tax information and documents as Abbott may reasonably request. With respect to any information required to be provided by AbbVie pursuant to this Section 2.04(a), (i) Abbott shall utilize such information in the preparation of the appropriate Tax Returns as provided by AbbVie, except to the extent (a) AbbVie provides its prior written consent to change any such information, or (b) Abbott determines in good faith that such information is inaccurate or incomplete in a material respect, and (ii) AbbVie agrees to indemnify and hold harmless Abbott and its Affiliates from and against any cost, fine, penalty, or other expense of any kind attributable to the misconduct or negligence of AbbVie or any of its Affiliates in supplying

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Abbott with inaccurate or incomplete information. An appropriate officer of AbbVie shall provide a certification that, to such officer's best knowledge and belief, any and all information provided pursuant to this Section 2.04(a) is accurate and complete. If AbbVie fails to provide any information required by this Section 2.04(a) within the time period specified, Abbott may file the applicable Tax Returns based on the information available at the time such Tax Returns are due and AbbVie shall indemnify and hold harmless Abbott and its Affiliates from Taxes or other costs imposed on Abbott or any of its Affiliates but only to the extent resulting from AbbVie's failure to provide such information in a timely manner. In addition, AbbVie shall provide Abbott with all documents and information, and make available employees and officers of AbbVie and AbbVie Affiliates as Abbott reasonably requests to prepare and file any Tax Return for any Pre-Distribution Period or Straddle Period (including any claims for refunds described in Section 2.02(a)) or to conduct any Tax Contest with respect to any such Tax Return. If AbbVie is responsible under Section 2.01 for a portion of any Tax reported on a Tax Return prepared under this Section 2.04(a) by Abbott, Abbott shall provide AbbVie with a copy of such Tax Return at least thirty (30) days prior to its due date. AbbVie shall notify Abbott of any disagreement within 20 days of AbbVie's receipt of such Tax Return. Any dispute shall be resolved pursuant to the procedures provided by this Agreement. AbbVie shall be solely responsible for preparing and timely filing all Tax Returns relating to non-income taxes of AbbVie or any AbbVie Affiliate for a Pre-Distribution Period and shall prepare and timely file all Tax Returns for Straddle Periods for all members of the AbbVie Group. If Abbott is responsible under Section 2.01(a) for a portion of any Tax reported on a Straddle Period Tax Return for any member of the AbbVie Group, AbbVie shall provide Abbott with a copy of such Tax Return at least thirty (30) days prior to its due date. Abbott shall notify AbbVie of any disagreement within 20 days of Abbott's receipt of such Tax Return. Any dispute shall be resolved pursuant to the procedures provided by this Agreement.

- (b) AbbVie shall not file (or allow any member of the AbbVie Group to file) any amended Tax Return for any Pre-Distribution Period other than a Tax Return relating to non-income Taxes of the AbbVie or any AbbVie Affiliate but only with the consent of Abbott, which consent shall not be unreasonably denied.
- (c) Abbott shall provide AbbVie with notice of any Tax election that Abbott intends to file for any member of the AbbVie Group on any Tax Return for any Pre-Distribution Period within forty-five (45) days before such Tax Return will be filed. AbbVie shall have the right to review such elections and request, within 15 days of such notice, that an alternative election be made. If Abbott reasonably determines that such alternative election will not result in any increased Tax liability or reduced Tax attribute of Abbott or any Abbott Affiliate, Abbott shall comply with such request.

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## Section 2.05 Cooperation, Exchange of Information, and Tax Records.

- (a) Cooperation and Exchange of Information. Each Party shall provide to the other such cooperation and information as reasonably may be requested in connection with (i) filing any Tax Return, amended return or claim for refund, (ii) determining a liability for Tax or a right to a refund of Tax, or (iii) participating in or conducting any Tax Contest. Such cooperation and information shall include providing copies of relevant Tax Records. Each Party shall devote the personnel and resources necessary in order to carry out this Section 2.05(a) and shall make its employees available on a mutually convenient basis to provide explanations of any documents or information provided hereunder. Each Party shall carry out its responsibilities under this Section 2.05(a) charging to the other only the out-of-pocket costs actually incurred. Any information obtained under this Section 2.05(a) shall be kept in strict confidence, with at least the same degree of care that applies to Abbott's confidential and proprietary information pursuant to policies in effect as of the Effective Time, except as otherwise may be necessary in connection with the filing of Tax Returns or claims for refund or in conducting an audit or other proceeding. AbbVie shall execute all necessary or appropriate forms, including powers of attorney, reasonably requested by Abbott in connection with any action taken by Abbott pursuant to this Agreement.
- (b) Record Retention. Each of Abbott and AbbVie shall retain all Tax Records in its possession as of the Effective Time relating to any Pre-Distribution Period that are relevant to the other Party for purposes described in Section 2.05(a) until such time as the other Party shall consent to the disposition of such Tax Records, which consent shall not be withheld unreasonably.

## Section 2.06 Tax Contests.

- (a) Notice. Each Party shall provide prompt notice to the other Party of any pending or threatened Tax audit, assessment, or proceeding, or other Tax Contest, of which it becomes aware, related to Tax for which it is indemnified by the other Party hereunder. Such notice shall contain factual information (to the extent known) describing any asserted Tax liability in reasonable detail and shall be accompanied by copies of any notice and other documents received from any Tax Authority with respect to any such matters. If an Indemnified Party has knowledge of an asserted Tax liability with respect to a matter for which it is to be indemnified hereunder and such Party fails to give the Indemnifying Party prompt notice of such asserted Tax liability, then (i) if the Indemnifying Party is precluded from contesting the asserted Tax liability in any forum as a result of the failure to give prompt notice, the Indemnifying Party shall have no obligation to indemnify the Indemnified Party for any Tax resulting from such assertion of Tax liability, and (ii) if the Indemnifying Party is not precluded from contesting the asserted Tax liability in any forum, but such failure to give prompt notice

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results in a monetary detriment to the Indemnifying Party, then any amount that the Indemnifying Party is otherwise required to pay the Indemnified Party pursuant to this Agreement shall be reduced by the amount of such detriment.

- (b) Control of Tax Contests.
  - (i) AbbVie. AbbVie shall have full responsibility and discretion in conducting, including settling, any Tax Contest involving a Tax for which it is responsible under Section 2.01(b), except for any Tax Contest involving any Covered Transaction Tax for which AbbVie is responsible under Section 3.01(b). AbbVie shall provide notice to Abbott and shall consult in good faith with Abbott in connection with any Tax Contest in which Abbott is required to make a payment to AbbVie under Section 2.02(b)(ii) or any Tax Contest in which the outcome is relevant to Abbott for any Pre-Distribution Period.
  - (ii) Abbott. Abbott shall have full responsibility and discretion in conducting, including settling, any Tax Contest involving (x) any Tax for which it is responsible under Section 2.01(a) or Section 2.01(d), and (y) any Covered Transaction Tax for which AbbVie is responsible under Section 3.01(b), except as provided in paragraph (iii) below. Abbott shall consult in good faith with AbbVie in connection with any Tax Contest described in clause (y) of this Section 2.06(b)(ii). Abbott shall provide notice to AbbVie and shall consult in good faith with AbbVie in connection with any Tax Contest in which AbbVie is required to make a payment to Abbott under Section 2.02(b)(i) or any Tax Contest in which the outcome is relevant to AbbVie for any Post-Distribution Period.
  - (iii) Covered Transaction Taxes. AbbVie shall have the right to participate in the conduct of a Tax Contest related to Covered Transactions Taxes as a result of the application of Section 355(e) of the Code if, and only if, (x) AbbVie has acknowledged in writing its liability for such Covered Transaction Tax, (y) AbbVie shall have provided Abbott with a letter of credit in a form reasonably acceptable to Abbott and issued by a major money center commercial bank reasonably acceptable to Abbott, not expiring before a Determination has occurred with respect to Abbott's Tax for the Post-Distribution Period that gave rise to the Covered Transactions Tax at issue, and in an amount equal to the maximum amount of Covered Transaction Tax at issue in the Tax Contest and (z) no Tax Return of any member of the Abbott Group with respect to which any member of the Abbott Group may reasonably be viewed as having an actual or potential liability for any Tax not indemnified against by AbbVie is held open as a result of such Tax Contest. Abbott shall not settle any Tax Contest described in this

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paragraph (iii) without the consent of AbbVie, which consent shall not be unreasonably withheld.

- (c) Election. If as a result of an adjustment to Abbott's Tax Return from a Tax Contest, an election is available under IRS Revenue Procedure 99-32, 1999-2 C.B. 296, (or successor guidance or regulations) that would allow an AbbVie Affiliate to transfer cash to AbbVie (or other AbbVie Affiliate) tax-free for U.S. federal income Tax purposes, such election shall be made by Abbott unless Abbott determines, in its sole discretion, that making such election will result in an adverse Tax consequence, including the loss of a Tax Benefit, for it or any of its Affiliates.

## ARTICLE III. TRANSACTIONS TAX

### Section 3.01 Transactions Tax.

- (a) General. Except as otherwise provided in Section 3.01(b), Abbott shall be responsible for, and shall indemnify and hold harmless the AbbVie Group from any and all (i) liabilities sustained by Abbott or AbbVie as a result of the Distribution failing to qualify as Tax-free to the Abbott shareholders pursuant to Section 355(a) of the Code, and (ii) federal, state, local, and foreign Tax imposed by any Tax Authority on Abbott or any Abbott Affiliate as a result of (x) the failure of any of the transactions described in the Private Letter Ruling or Tax Opinion (including each Internal Distribution) to be treated as provided in such ruling or opinion; (y) the failure of any of the transactions described in the Other Tax Rulings (each an "Other Transaction") to be treated as provided in such rulings; and (z) the inclusion, or taking into account, of any income or gain by Abbott or its Affiliates (including any member of the AbbVie Group) under Treasury Regulations Section 1.1502-13 or 1.1502-19 (or any corresponding provisions of other applicable Tax laws) as a result of the Separation and Distribution (each of subclauses (i) through (ii), a "Covered Transaction Tax").
- (b) Inconsistent Acts and Events. AbbVie shall be responsible for, and shall indemnify and hold harmless the Abbott Group from and against any liability for, any Covered Transaction Tax (including without limitation reasonable attorney fees and other costs incurred in connection therewith) or any other Tax resulting from (i) any breach by any member of the AbbVie Group of any of the representations or covenants under Article IV hereof, (ii) any Specified Action performed by any member of the AbbVie Group (whether or not Section 4.02(e) is complied with), (iii) any Section 355(e) Event with respect to AbbVie or an AbbVie Affiliate (whether or not such Section 355(e) Event is caused by a Specified Action), and (iv) any gain recognized or recapture of income



A Section 355(e) Event with respect to AbbVie or a member of the AbbVie Group means any event, involving the stock of AbbVie or an AbbVie Affiliate or assets of any member of the AbbVie Group, that causes the Distribution or any distribution described in the Private Letter Ruling or Tax Opinion of the stock of foreign and U.S. subsidiaries for which rulings or opinions were requested (each an "Internal Distribution") to be a taxable event to any member of the Abbott Group as the result of the application of Section 355(e) of the Code.

#### ARTICLE IV. REPRESENTATIONS AND COVENANTS

##### Section 4.01 Representations.

- (a) Abbott represents that, as of the date of this Agreement, neither it nor any of its Affiliates knows of any fact that would jeopardize the Tax treatment of the transactions provided by the Private Letter Ruling, the Other Tax Rulings or Tax Opinion or that otherwise would result in a Covered Transaction Tax.
- (b) AbbVie represents that, as of the date of this Agreement, neither it nor any of its Affiliates knows of any fact that would jeopardize the Tax treatment of the transactions provided by the Private Letter Ruling, the Other Tax Rulings or Tax Opinion, or that otherwise would result in a Covered Transaction Tax.
- (c) Abbott represents that, as of the date of this Agreement, neither it nor any of its Affiliates has any plan or intention to take any action that is inconsistent with the Tax treatment of the transactions provided by the Private Letter Ruling, the Other Tax Rulings or Tax Opinion, or that otherwise would result in a Covered Transaction Tax.
- (d) AbbVie represents that, as of the date of this Agreement, neither it nor any of its Affiliates has any plan or intention to take any action that is inconsistent with the Tax treatment of the transactions provided by the Private Letter Ruling, the Other Tax Rulings or Tax Opinion or that otherwise would result in a Covered Transaction Tax.
- (e) AbbVie represents that, as of the date of this Agreement, neither it nor any of its Affiliates has entered into any agreement, understanding, arrangement, or substantial negotiation with respect to any transaction or event (including stock issuances, option grants, capital contributions, acquisitions, and changes in the voting power of any of its stock), that may cause Section 355(e) of the Code to apply to the Distribution or any Internal Distribution.

##### Section 4.02 Covenants.

- (a) Successor Employer. Effective for all payments of wages and other compensation starting on and after the date of the Distribution, Abbott and AbbVie covenant and agree that Abbott will control the payments of wages and other compensation to all of the U.S. Transferred Employees and

independent contractors as of 2013 and through the duration of Abbott's obligations under the U.S. Payroll Processing & Services Lead Sheet and the Accounts Payable U.S. Services BSP Transition Services Lead Sheet, each of which are attached to the U.S. Transition Services Agreement, and Abbott shall assume responsibilities for performing required withholdings of Federal, state and local income Taxes and the employee share of FICA from all payments made by Abbott on behalf of AbbVie pursuant to this Section 4.02, coordinating with AbbVie's designated brokers which handle exercises of stock options, vesting of restricted stock and other payments of stock compensation so as to ensure correct processing of withholdings and other payroll Taxes owed with respect to such compensation, calculating the employer's share of payroll Taxes owed with respect to all such compensation, and depositing such Taxes under AbbVie's Employer Identification Number ("EIN"). Abbott and AbbVie further agree that, as part of its responsibilities for processing all such compensation, Abbott will file all Forms W-2 and other payroll tax forms for the U.S. Transferred Employees as of 2013 and for the duration of Abbott's obligations under the U.S. Payroll Processing & Services BSP Transition Services Lead Sheet and the Accounts Payable U.S. Services BSP Transition Services Lead Sheet, will file all Forms 1099, where required, reporting all other payments to persons contracting with AbbVie, and will file all Forms 940, 941 and 945 and state or local equivalents of such forms, as required, under AbbVie's name, address, and EIN. AbbVie covenants and agrees to cooperate with the administration and implementation of these compensation payments and Tax deposit and filing procedures, and to reimburse Abbott both for all such payments of compensation and payroll taxes described above, and for Abbott's costs of processing this compensation and filing these Tax Returns. AbbVie further covenants and agrees to indemnify and reimburse Abbott for the costs of responding to any notices from any government authority, and for any additional Taxes, fines, interest and/or penalties imposed on Abbott with respect to any deficiencies in any deposits or filings made by Abbott in performing the compensation payment, withholding, depositing and Tax form filing functions described above.

- (b) Conduct. AbbVie covenants and agrees that it shall not take, and it shall cause its Affiliates to refrain from taking, any action that reasonably may be expected to result in any increased Tax liability or reduced Tax attribute of any member of the Abbott Group. This includes taking any action that is inconsistent with the Tax treatment of the transactions provided by the Private Letter Ruling, the Tax Opinion or the Other Tax Rulings (any such action, including any action referred to in Section 4.02(b)(i) through (iv), is referred to in this Agreement as a "Specified Action"). Without limiting the foregoing:
  - (i) Specified Actions. Any time before the second anniversary of the Distribution Date, AbbVie shall not (and shall cause its Affiliates to not) (A) liquidate, merge, or consolidate with or into any corporation that

was not already wholly owned by AbbVie or by a wholly owned subsidiary of AbbVie prior to such transaction; (B) issue any of its capital stock in one or more transactions, other than (i) issuances to employees, directors, or independent contractors in connection with the performance of services for AbbVie (that are not excessive by reference to the services performed) which issuances either (x) are with respect to the exercise of options of AbbVie that are substituted for Abbott options or (y) satisfy Safe Harbor VIII of Treasury Regulations Section 1.355-7(d) to not be treated for purposes of Section 355(e) of the Code to be part of a plan or series of related transactions that includes the Distribution or the Internal Distributions or (ii) issuances of stock that satisfy Safe Harbor IX of Treasury Regulations Section 1.355-7(d); (C) redeem, purchase, or otherwise reacquire any of its capital stock in one or more transactions; (D) change the voting rights of any of its stock; (E) issue any options to acquire AbbVie Shares other than options that satisfy Safe Harbor VIII of Treasury Regulations Section 1.355-7(e)(3)(ii); (F) sell, exchange, distribute, or otherwise dispose of, other than in the ordinary course of business, all or a substantial part of the assets of any of the trades or businesses relied on to satisfy Section 355(b) of the Code; or (G) discontinue or cause to be discontinued the active conduct of any of the trades or businesses relied on to satisfy Section 355(b) of the Code. Notwithstanding the foregoing, clauses (A) through (E) of this Section 4.02(b)(i) shall not apply unless there are transactions described in such clauses any time before the second anniversary of the Distribution Date that result in one or more Persons acquiring directly or indirectly stock representing, in the aggregate, 25 percent or greater interest in AbbVie (as defined in Sections 355(d)(4) and 355(e) of the Code). This Section 4.02(b)(i) and the application thereof is intended to monitor compliance with Section 355(e) of the Code and shall be interpreted accordingly. Any clarification of, or change in, the statute or regulations promulgated under Section 355(e) of the Code shall be incorporated in this definition and its interpretation.

- (ii) No Inconsistent Actions. Regardless of any change in circumstances, AbbVie covenants and agrees that it shall not take any action (and it shall cause its Affiliates to refrain from taking any action) that is inconsistent with any factual statements or representations in the Private Letter Ruling or the Other Tax Rulings on or before the second anniversary of the Distribution Date other than as permitted in this Section 4.02. For this purpose an action is considered inconsistent with a representation if the representation states that there is no plan or intention to take such action.
- (iii) Section 355(e). Without in any manner limiting paragraph (i) or (ii) of Section 4.02(b), AbbVie covenants and agrees that, through the second anniversary of the Distribution Date, it shall refrain from entering into (and it shall cause its Affiliates to refrain from entering into) any

agreement, understanding, arrangement, or substantial negotiation with respect to any transaction or event (including stock issuances, option grants, capital contributions, acquisitions, or changes in the voting power of any of its stock), that could reasonably be expected to cause Section 355(e) of the Code to apply to the Distribution or any Internal Distribution.

- (c) Amended or Supplemental Rulings. AbbVie covenants and agrees that it shall refrain from filing, and it shall cause its Affiliates to refrain from filing, a request for any amendment or supplement to the Private Letter Ruling or the Other Tax Rulings subsequent to the Distribution Date without the consent of Abbott, which consent shall not be withheld unreasonably.
- (d) Tax Returns. Each of Abbott and AbbVie covenants and agrees that it shall refrain from taking, and it shall cause its Affiliates to refrain from taking, any position on a Tax Return that is inconsistent with (i) the Tax treatment of the transactions provided by the Private Letter Ruling or Tax Opinion, (ii) the External and Internal Contributions qualifying for Tax-free treatment under Section 361, (iii) the Tax treatment of the transactions provided by the Other Tax Rulings, (iv) the allocation of the benefits and burdens of AbbVie assets and liabilities pursuant to Sections 2.03 and 2.04 of the Distribution Agreement, (v) the reporting positions set forth in Section 4.02(g) of this Agreement regarding the ICO Agreement, or (vi) the documents effecting any transaction undertaken in connection with the Separation that is not addressed by the Private Letter Ruling, any Other Tax Ruling or Tax Opinion.

- (e) Exception. Notwithstanding the foregoing, AbbVie shall be permitted to take an action inconsistent with Section 4.02(b), if, prior to taking such action, AbbVie provides notification to Abbott of its plans with respect to such action and promptly responds to any inquiries by Abbott following such notification, and (unless Abbott agrees otherwise in writing) either:
- (i) In the case of the Distribution or any Internal Distribution, AbbVie obtains a supplemental ruling with respect to the action from the Internal Revenue Service that is reasonably satisfactory to Abbott (except that AbbVie shall not submit any supplemental ruling request if Abbott determines in good faith that filing such request could have a materially adverse effect on Abbott), on the basis of facts and representations consistent with the facts at the time of such action, that such action will not affect the Tax treatment of the transactions provided by the Private Letter Ruling,
- (ii) In case of the Distribution or any Internal Distribution, AbbVie obtains an opinion, reasonably acceptable to Abbott, of an independent nationally recognized Tax counsel, reasonably acceptable to Abbott, on the basis of facts and representations consistent with the facts at the time

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of such action, that such action will not affect the Tax treatment of the transactions provided by the Private Letter Ruling or the Internal Distributions, or

- (iii) In case of the Other Transactions, AbbVie obtains:
- (a) a supplemental ruling with respect to the action from the relevant Tax Authority that is reasonably satisfactory to Abbott (except that AbbVie shall not submit any supplemental ruling request if Abbott determines in good faith that filing such request could have a materially adverse effect on Abbott or any of its Affiliates), or
- (b) an opinion, reasonably acceptable to Abbott, of an independent Tax counsel, reasonably acceptable to Abbott, on the basis of facts and representations consistent with the facts at the time of such action, that such action will not affect the Tax treatment of the transactions provided by the Other Tax Rulings.

Notwithstanding anything to the contrary in this Agreement, AbbVie shall be responsible for, and shall indemnify Abbott and hold Abbott harmless from, any Covered Transaction Tax resulting from a Specified Action of AbbVie or any of AbbVie's Affiliates, regardless of whether the exception of this Section 4.02(e) is satisfied with respect to such act.

- (f) Duty to Mitigate Recognition or Recapture of Income. Prior to any event that may result in recognition or recapture of income (including under any gain recognition agreement entered into pursuant to Treasury Regulations Section 1.367(a)-8), Abbott and AbbVie shall use (and shall cause the members of the Abbott Group and AbbVie Group, respectively, to use) all commercially reasonable efforts to eliminate such gain recognition or recapture of income or otherwise avoid or minimize the impact thereof to the other party, including by the execution of an appropriate gain recognition agreement pursuant to Treasury Regulations Section 1.367(a)-8.
- (g) ICO Agreement
- (i) Deferred AbbVie Local Business. A payment made under an ICO Agreement in connection with the transfer and acquisition of a Deferred AbbVie Local Business by AbbVie or an AbbVie Affiliate following the Distribution Date and the corresponding payment by Abbott or an Abbott Affiliate to AbbVie or an AbbVie Affiliate shall be characterized for U.S. income Tax purposes and on any related Tax Return as the purchase by Abbott or the relevant Abbott Affiliate, as the case may be, of the Deferred AbbVie Local Business of the Abbott Affiliate operating such business following the Distribution Date in exchange for such Abbott Affiliate transferring the Deferred AbbVie

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Local Business to the AbbVie Affiliate (the "Reporting Position") occurring on the Distribution Date. The Parties agree that if a Tax Authority challenges the Reporting Position, the Parties will jointly defend such position until a Determination. If the Determination with respect to such challenge does not confirm the Reporting Position, the Party receiving a Tax Benefit as a result of such Determination shall pay the amount of such Tax Benefit to the other Party incurring a Tax Detriment as a result of such Determination, if any, under the principles of Section 2.02(b) hereof but in no event exceeding the amount of such Tax Detriment.

- (ii) Other Payments and Income. The payment by Abbott or any Abbott Affiliate or by AbbVie or any AbbVie Affiliate under Section 2.05 or Section 2.06 of any ICO Agreement shall be characterized for U.S. income Tax purposes, as paid by or received by Abbott or any Abbott Affiliate in its capacity as agent of AbbVie or any AbbVie Affiliate with respect to the Deferred AbbVie Local Business (the "Payment Reporting Position"). AbbVie or the relevant AbbVie Affiliate shall account for the net income of the Deferred AbbVie Local Business following the Distribution Date for U.S. federal income Tax purposes and on the relevant U.S. federal income Tax Returns and Abbott or the relevant Abbott Affiliate shall not report such income for purposes of filing their U.S. federal income Tax Returns (the "Income Reporting Position"). Any foreign Taxes paid with respect to the income of the Deferred AbbVie Local Business shall be, for all U.S. income Tax purposes, for the account of AbbVie or the relevant AbbVie Affiliate and Abbott or the relevant AbbVie Affiliate shall not claim such foreign income Taxes for U.S. income Tax purposes on any Tax Return (the "Foreign Tax Credit Reporting Position"). The Parties further agree to defend the Payment Reporting Position, the Income Reporting Position and the Foreign Tax Credit Reporting Position if challenged by the IRS until a Determination. If the Determination does not confirm the relevant position, and such Determination results in a Tax Detriment to a Party and a Tax Benefit to the other Party, the Party receiving the Tax Benefit shall pay the amount of such Tax Benefit to the other Party incurring the Tax Detriment under the principles of Section 2.01(b) hereof but in no event exceeding the amount of such Tax Detriment.
- (h) Other Tax Liabilities. If following the Separation, one Party (or any of its Affiliates) incurs and pays a Tax liability that under this Agreement is properly for the account of the other Party (or any of its Affiliates) (including with respect to product sales attributable to the other Party under such agreement but allocated to the first mentioned party under local Tax law), the other Party shall pay the Tax Detriment incurred by the first mentioned Party on account of such item under the principles set out in Section 4.02(g) (including with respect to the treatment of related foreign tax credits).

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- (i) Certain Expenses. Notwithstanding any other provisions in this Agreement, the other Ancillary Agreements and the Distribution Agreement, if one Party is required under Section 9.09(b)(ii) of the Distribution Agreement to pay an amount to the other Party, the Parties agree that such payment shall be reported for Tax purposes as follows: (i) the other Party shall take such payment made by first mentioned Party into income on all relevant Tax Returns; and (ii) the first mentioned Party shall deduct such payment on all relevant Tax Returns (together, the "Expense Reporting Position"). The Parties agree that if a Tax Authority challenges the Expense Reporting Position, the Parties will jointly defend such position until a Determination. If the Determination with respect to such challenge does not confirm the Expense Reporting Position, the Party receiving a Tax Benefit as a result of such Determination shall pay the amount of such Tax Benefit to the other Party incurring a Tax Detriment as a result of such Determination, if any, under the principles of Section 2.02(b) hereof but in no event exceeding the amount of such Tax Detriment.
- (j) Pension Plans. With respect to any amount paid by either Abbott or AbbVie to, or in connection with, any defined benefit pension plan or any trust or other funding arrangement with respect to a defined benefit pension plan following the effective time of the Distribution, the paying Party shall be treated for all federal and other Tax purposes as having made the payment on its own behalf and the Parties shall file all Tax Returns consistent with such treatment (the "Plan Reporting Position"). The Parties agree that if a Tax Authority challenges the Plan Reporting Position, the Parties will jointly defend such position until a Determination. If the Determination with respect to such challenge does not confirm the Plan Reporting Position, the Party receiving a Tax Benefit as a result of such Determination shall pay the amount of such Tax Benefit to the other Party incurring a Tax Detriment as a result of such Determination, if any, under the principles of Section 2.02(b) hereof but in no event exceeding the amount of such Tax Detriment.

#### Section 4.03 No Continuing Liability for Former Members.

- (a) Abbott Affiliates. If an Abbott Affiliate ceases to be a member of the Abbott Group as a result of a sale or exchange of all of the stock of such member, other than an exchange for which the consideration received by Abbott is the stock of Abbott or an Abbott Affiliate, the departing Abbott Affiliate shall be released from its obligations under this Agreement upon its departure from the Abbott Group.
- (b) AbbVie Affiliates. If an AbbVie Affiliate ceases to be a member of the AbbVie Group as a result of a sale or exchange of all of the stock of such member, other than an exchange for which the consideration received by AbbVie is the stock of AbbVie or an AbbVie Affiliate, the departing AbbVie Affiliate shall be released from its obligations under this Agreement upon its departure from the AbbVie Group; provided, however, that no member of the

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AbbVie Group shall be released from any obligations under Section 2.01(b)(ii) hereof unless approved in writing by Abbott, which approval shall not be unreasonably withheld.

### ARTICLE V. MISCELLANEOUS PROVISIONS

#### Section 5.01 Counterparts; Entire Agreement; Corporate Power; Facsimile Signatures.

- (a) Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement.
- (b) Entire Agreement. Except to the extent provided in an ICO Agreement, this Agreement and the Distribution Agreement contain the entire agreement between the Parties with respect to the subject matter hereof, supersede all previous agreements, negotiations, discussions, writings, understandings, commitments and conversations with respect to such subject matter and there are no agreements or understandings between the Parties other than those set forth or referred to herein or therein. It is the intention of the Parties that the Conveyance and Assumption Instruments shall be consistent with the terms of this Agreement. In the event of any conflict between the Conveyance and Assumption Instruments and this Agreement, the provisions of this Agreement shall control. The Parties agree that the Conveyance and Assumption Instruments are not intended and shall not be construed in any way to enhance, modify or decrease any of the rights or obligations of Abbott, any Abbott Affiliate, AbbVie or any AbbVie Affiliate from those contained in this Agreement.
- (c) Corporate Power. Abbott represents on behalf of itself and, to the extent applicable, each Abbott Affiliate and AbbVie represents on behalf of itself and, to the extent applicable, each AbbVie Affiliate as follows:
- (i) each such Person has the requisite corporate or other power and authority and has taken all corporate or other action necessary in order to execute, deliver and perform this Agreement and to consummate the transactions contemplated hereby and thereby; and
- (ii) this Agreement has been duly executed and delivered by it and constitutes a valid and binding agreement of it enforceable in accordance with the terms thereof.
- (d) Signatures and Delivery. Each Party acknowledges that it and the other Party may execute this Agreement by manual, stamp or mechanical signature, and that delivery of an executed counterpart of a signature page to this Agreement (whether executed by manual, stamp or mechanical signature) by facsimile or

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by email in portable document format (PDF) shall be effective as delivery of such executed counterpart of this Agreement. Each Party expressly adopts and confirms a stamp or mechanical signature (regardless of whether delivered in person, by mail, by courier, by facsimile or by email in portable document format (PDF)) made in its respective name as if it were a manual signature delivered in person, agrees that it shall not assert that any such signature or delivery is not adequate to bind such Party to the same extent as if it were signed manually and delivered in person and agrees that, at the reasonable request of the other Party at any time, it shall as promptly as reasonably practicable cause such Agreement to be manually executed (any such execution to be as of the date of the initial date thereof) and delivered in person, by mail or by courier.

**Section 5.02 Governing Law.** This Agreement shall be governed by and construed and interpreted in accordance with the Laws of the State of Delaware, irrespective of the choice of Laws and principles of the State of Delaware, as to all matters, including matters of validity, construction, effect, enforceability, performance and remedies.

**Section 5.03 Assignability.** This Agreement shall be binding upon and inure to the benefit of the Parties and the parties thereto, respectively, and their respective successors and permitted assigns; provided, however, that neither Party may assign its rights or delegate its obligations under this Agreement without the express prior written consent of the other Party hereto. Notwithstanding the foregoing, no such consent shall be required for the assignment of a Party's rights and obligations under this Agreement in whole in connection with a Change of Control of a Party, so long as the resulting, surviving or transferee Person assumes all the obligations of the relevant Party thereto by operation of Law or pursuant to an agreement in form and substance reasonably satisfactory to the other Party. Nothing herein is intended to, or shall be construed to, prohibit either Party or any of its Subsidiaries from being party to or undertaking a Change of Control.

**Section 5.04 Third Party Beneficiaries.** The provisions of this Agreement is solely for the benefit of the Parties and their respective Subsidiaries, after giving effect to the Distribution, and their permitted successors and assigns, and are not intended to confer upon any Person except the Parties and their respective Subsidiaries, after giving effect to the Distribution, and their permitted successors and assigns, any rights or remedies hereunder; and there are no other third-party beneficiaries of this Agreement and this Agreement shall not provide any other Third Party with any remedy, claim, Liability, reimbursement, claim of action or other right in excess of those existing without reference to this Agreement.

**Section 5.05 Notice.** All notices or other communications under this Agreement must be in writing and shall be deemed to be duly given: (a) when delivered in person; (b) upon transmission via confirmed facsimile transmission, provided that such transmission is followed by delivery of a physical copy thereof in person, via U.S. first class mail, or via a private express mail courier; or (c) two days after deposit with a private express mail courier, in any such case addressed as follows:

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If to Abbott:  
Abbott Laboratories  
100 Abbott Park Road  
Building AP6D, Dept. 367  
Abbott Park, IL 60064-6057  
Facsimile: (847) 935-3346  
Attention: Vice President, Taxes

With a copy to:  
Abbott Laboratories  
100 Abbott Park Road  
Building AP6D, Dept. 364  
Abbott Park, IL 60064-6020  
Facsimile: (847) 937-3966  
Attention: General Counsel

If to AbbVie:  
AbbVie Inc.  
1 North Waukegan Road  
North Chicago, Illinois 60064  
Facsimile: (847) 935-3353  
Attention: Vice President, Taxes

With a copy to:  
AbbVie Inc.  
1 North Waukegan Road  
North Chicago, Illinois 60064  
Facsimile: (847) 935-3294  
Attention: General Counsel

Any Party may, by notice to the other Party, change the address to which such notices are to be given.

**Section 5.06 Severability.** In the event that any one or more of the terms or provisions of this Agreement or the application thereof to any Person or circumstance is determined by a court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Agreement, or the application of such term or provision to Persons or circumstances or in jurisdictions other than those as to which it has been determined to be invalid, illegal or unenforceable, and the Parties shall use their commercially reasonable efforts to substitute one or more valid, legal and enforceable terms or provisions into this Agreement which, insofar as practicable, implement the purposes and intent of the Parties. Any term or provision of this Agreement held invalid or unenforceable only in part, degree or within certain jurisdictions shall remain in full force and effect to the extent not held invalid or unenforceable to the extent consistent with the intent of the parties as reflected by this Agreement. To the extent permitted by applicable Law, each

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Party waives any term or provision of Law which renders any term or provision of this Agreement to be invalid, illegal or unenforceable in any respect.

**Section 5.07 Force Majeure.** Neither Party shall be deemed in default of this Agreement for failure to fulfill any obligation so long as and to the extent to which any delay or failure in the fulfillment of such obligations is prevented, frustrated, hindered or delayed as a consequence of circumstances of Force Majeure. In the event of any such excused delay, the time for performance shall be extended for a period equal

to the time lost by reason of the delay. A Party claiming the benefit of this provision shall, as soon as reasonably practicable after the occurrence of any such event, (a) provide Notice to the other Party of the nature and extent of any such Force Majeure condition; and (b) use commercially reasonable efforts to remove any such causes and resume performance under this Agreement as soon as reasonably practicable.

**Section 5.08 No Set Off.** Except as otherwise mutually agreed to in writing by the Parties, neither Party nor any of its Subsidiaries shall have any right of set off or other similar rights with respect to (a) amounts received pursuant to this Agreement; or (b) any other amounts claimed to be owed to the other Party or any of its Subsidiaries arising out of this Agreement.

**Section 5.09 Headings.** The Article, Section and Paragraph headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

**Section 5.10 Survival of Covenants.** Except as expressly set forth in this Agreement, the covenants and other agreements contained in this Agreement, and liability for the breach of any obligations contained herein or therein, shall survive the Effective Time and shall remain in full force and effect thereafter.

**Section 5.11 Affiliates.** Abbott shall cause to be performed, and hereby guarantees the performance of, all actions, agreements and obligations set forth herein to be performed by an Abbott Affiliate and AbbVie shall cause to be performed, and hereby guarantees the performance of, all actions, agreements and obligations set forth herein to be performed by an AbbVie Affiliate.

**Section 5.12 Waivers of Default.** Waiver by either Party of any default by the other Party of any provision of this Agreement shall not be deemed a waiver by the waiving Party of any subsequent or other default, nor shall it prejudice the rights of the waiving Party.

**Section 5.13 Amendments.** No provisions of this Agreement shall be deemed amended, supplemented or modified unless such amendment, supplement or modification is in writing and signed by an authorized representative of both Parties. No provisions of this Agreement shall be deemed waived unless such waiver is in writing and signed by the authorized representative of the Party against whom it is sought to be enforced.

**Section 5.14 Interpretation.** Words in the singular shall be deemed to include the plural and vice versa and words of one gender shall be deemed to include the other

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genders as the context requires. The terms "hereof," "herein," and "herewith" and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement as a whole and not to any particular provision of this Agreement. Article, Section, Exhibit and Schedule references are to the Articles, Sections, Exhibits, and Schedules to this Agreement unless otherwise specified. Unless otherwise stated, all references to any agreement shall be deemed to include the exhibits, schedules and annexes to such agreement. The word "including" and words of similar import when used in this Agreement shall mean "including, without limitation," unless the context otherwise requires or unless otherwise specified. The word "or" shall not be exclusive. Unless otherwise specified in a particular case, the word "days" refers to calendar days. References herein to this Agreement shall be deemed to refer to this Agreement as of the date on which it is executed and as it may be amended, modified or supplemented thereafter, unless otherwise specified. References to the performance, discharge or fulfillment of any Liability in accordance with its terms shall have meaning only to the extent such Liability has terms. If the Liability does not have terms, the reference shall mean performance, discharge or fulfillment of such Liability.

**Section 5.15 Advisors.** Abbott has selected Baker & McKenzie and Wachtel, Lipton, Rosen & Katz as counsel in connection with the Distribution. AbbVie acknowledges, for itself and each AbbVie Affiliate, that Baker & McKenzie and Wachtel, Lipton, Rosen & Katz are acting in the capacity as counsel to Abbott and as counsel to AbbVie, in connection with this Agreement and the provisions contemplated herein.

**Section 5.16 Dispute Resolution.** Any and all disputes between Abbott and AbbVie arising out of any provision of this Agreement shall be resolved through the procedures provided in Section 7.01 of the Distribution Agreement.

**Section 5.17 Payments.**

- (a) Procedure for Requesting and Making Indemnification Payments. On the occurrence of an event for which a Party is entitled to receive indemnification hereunder, such Party (the "Indemnified Party") shall send the other Party (the "Indemnifying Party") an invoice requesting payment accompanied by a statement describing in reasonable detail the amount owed and the particulars relating thereto. Unless a provision in this Agreement specifically provides a different time for payment, the Indemnifying Party shall pay to the Indemnified Party any payment it owes to the Indemnified Party under this Agreement within thirty (30) days after the receipt of the invoice for such payment.
- (b) Procedure for Making Other Payments. If a Party is responsible for any Tax under Section 2.01 (the "Responsible Party") and such Tax must be remitted by the other Party (the "Remitting Party"), the Remitting Party shall send the Responsible Party an invoice requesting payment accompanied by a statement describing in reasonable detail the amount owed and the particulars relating thereto. Unless a provision in this Agreement specifically provides a different time for payment, the Responsible Party shall pay to the Remitting

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Party any payment it owes to the Remitting Party under this Agreement no later than thirty (30) days before the Remitting Party must remit the Tax to the appropriate Tax Authority.

- (c) Character of Payments. For Tax purposes, the Parties agree to treat any payment pursuant to this Agreement in the same manner as a capital contribution by Abbott to AbbVie or an adjustment to the Contribution made in the last taxable period beginning before the Distribution (or corresponding treatment with respect to any Internal Distribution) and, accordingly, as not includible in the gross income of the recipient and not deductible by the payor to the extent allowed under Law. If pursuant to a Determination it is determined that the receipt or accrual of any payment made under this Agreement is subject to any Tax, the Party making such payment shall be responsible for the After-Tax Amount with respect to such payment. The failure of a Party to include an After-Tax Amount in a demand for payment pursuant to this Agreement shall not be deemed a waiver by the Party of its right to receive an After-Tax Amount with respect to such payment.
- (d) Interest on Late Payments. Unless a provision in this Agreement specifically provides otherwise, any payment required to be made pursuant to this Agreement that is not made on or before the due date for such payment shall bear interest from the date after the due date to and including the date of payment at the Prime Rate plus two percent. Such interest shall be paid at the same time as the payment to which it relates. Any interest payable pursuant to this paragraph that is not paid when due shall bear interest at the Prime Rate plus two percent.

**Section 5.18 No Duplication.** Any liability for indemnification under this Agreement shall be determined without duplication of recovery under the Distribution Agreement or any other Ancillary Agreement. Notwithstanding any other provision of this Agreement, if under a Conveyance and Assumption Instrument, (i) such agreement provides for indemnification of a Tax that is also provided for in Section 2.01(a) or Section 2.01(b), such agreement shall take precedence over this Agreement with respect to such indemnification and the relevant Party under such agreement shall bear primary responsibility for such indemnification and pay such indemnification to the other Party in accordance with the terms of such agreement and (ii) such agreement provides for the payment of a refund of Tax that is also provided for in Section 2.02(a), such agreement shall take precedence over this Agreement with respect to such refund and the relevant Party under such agreement shall pay such Tax refund to the other Party in accordance with the terms of such agreement.

**Section 5.19 Mutual Drafting.** This Agreement shall be deemed to be the joint work product of the Parties and any rule of construction that a document shall be interpreted or construed against a drafter of such document shall not be applicable.

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IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives.

ABBOTT LABORATORIES

ABBVIE INC.

By: /s/ Thomas C. Freyman

By: /s/ Richard A. Gonzalez

Name: Thomas C. Freyman  
Title: Executive Vice President, Finance  
and Chief Financial Officer

Name: Richard A. Gonzalez  
Title: Chairman of the Board and  
Chief Executive Officer

[Signature Page to Tax Sharing Agreement]

## SPECIAL PRODUCTS MASTER AGREEMENT

BY AND BETWEEN

ABBOTT LABORATORIES

AND

ABBVIE INC.

DATED AS OF DECEMBER 31, 2012

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THIS SPECIAL PRODUCTS MASTER AGREEMENT, dated as of December 31, 2012 and effective as of the Effective Time (as defined below), is by and between ABBOTT LABORATORIES, an Illinois corporation (“Abbott”), and ABBVIE INC., a Delaware corporation (“AbbVie”).

RECITALS:

WHEREAS, Abbott and AbbVie have entered into that certain Separation and Distribution Agreement dated as of November 28, 2012 (the “Separation Agreement”) that, among other things, sets forth the terms and conditions pursuant to which the AbbVie Business (as defined in the Separation Agreement) is separated from the Abbott Business (as defined in the Separation Agreement) (the “Separation”);

WHEREAS, each of Abbott and AbbVie has determined that it is necessary and advisable in connection with the Separation to allocate ownership of certain intellectual property, permits, approvals and other Assets (as defined in the Separation Agreement) relating to, and responsibilities for, certain Special Products (as defined herein); and

WHEREAS, Abbott and AbbVie desire to set forth the terms and conditions that shall govern the allocation of rights and responsibilities of Abbott and AbbVie with respect to the Special Products.

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained in this Agreement (as defined herein), the Parties (as defined herein) hereby agree as follows:

ARTICLE I  
DEFINITIONS

Section 1.01 Definitions. Reference is made to Section 13.13 regarding the interpretation of certain words and phrases used in this Agreement. Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Separation Agreement. In addition, for the purpose of this Agreement, the following terms shall have the meanings set forth below.

“Abbott” has the meaning set forth in the Preamble.

“Abbott Indemnitees” means: (i) Abbott and each Abbott Subsidiary; (ii) each of the respective past, present and future directors, officers, employees or agents of the entities described in (i) above, in each case in their respective capacities as such; and (iii) each of the heirs, executors, administrators, successors and assigns of any of the foregoing.

“Abbott Indemnity Obligations” means all Liabilities to the extent such Liabilities relate to, arise out of or result from, directly or indirectly, any of the following items:

(i) any Abbott Special Products Liability;

(ii) any failure of Abbott or an Abbott Subsidiary or any other Person to pay, perform or otherwise promptly discharge any Abbott Special Products Liabilities in accordance with their terms, whether prior to, at or after the Effective Time;

(iii) except as otherwise set forth in any applicable Special Products Ancillary Agreement, the conduct of any business, operation or activity by or on behalf of Abbott or an Abbott Subsidiary from and after the Effective Time with respect to Special Products; and

(iv) any breach by Abbott or an Abbott Subsidiary of this Agreement or any Special Products Ancillary Agreement.

“Abbott In-Licensed Intellectual Property” means any In-Licensed Intellectual Property Controlled by Abbott or any Abbott Subsidiary.

“Abbott New Product Know-How” means any Know-How Controlled by Abbott or any Abbott Subsidiary to the extent such Know-How is related to the research, Development, Manufacture, use, or Commercialization of a New Product (but that does not also relate to a Special Product).

“Abbott New Product Patents” means any Patent Controlled by Abbott or any Abbott Subsidiary that covers the Development, Manufacture, use or Commercialization of a New Product (but that does not also cover a Special Product).

“Abbott Special Products Clinical Development Data” means, with respect to a given Special Product, any Clinical Development Data Controlled by Abbott or any Abbott Subsidiary relating to such Special Product resulting from Clinical Development that is (i) initiated prior to the Effective Time, or (ii) generated by or on behalf of Abbott or any Abbott Subsidiary during the term of this Agreement in the course of conducting Clinical Development with respect to such Special Product, provided such Clinical Development (A) is initiated after the Effective Time and (B) becomes part of AbbVie’s rights pursuant to Section 5.02(e). Abbott Special Products Clinical Development Data does not include any Clinical Development Data that constitutes an AbbVie Special Products Asset and is conveyed to AbbVie or any of its Subsidiaries pursuant to the Separation Agreement.

“Abbott Special Products Liabilities” means the Liabilities (whether or not such Liabilities cease being contingent, mature, become known, are asserted or foreseen, or accrue, in each case before, at or after the Effective Time) relating to, arising out of or resulting from actions, inactions, events, omissions, conditions, facts or circumstances occurring or existing prior to the Effective Time relating to a Special Product, in each case that are not AbbVie Special Products Liabilities or AbbVie Indemnity Obligations.

“Abbott Special Products Patents” means any Patent Controlled by Abbott or any Abbott Subsidiary that covers the Development, Manufacture, use or Commercialization of a Special Product. Abbott Special Products Patents do not include any Patents that constitute

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AbbVie Special Products Assets and are conveyed to AbbVie or any of its Subsidiaries pursuant to the Separation Agreement.

“Abbott Special Products Regulatory Documentation” means any Regulatory Documentation Controlled by Abbott or any Abbott Subsidiary to the extent such Regulatory Documentation relates to a Special Product. Abbott Special Products Regulatory Documentation does not include any Regulatory Documentation that constitutes AbbVie Special Products Assets and is conveyed to AbbVie or any of its Subsidiaries pursuant to the Separation Agreement.

“Abbott Subsidiary” means any Business Entity that is a Subsidiary of Abbott prior to, at or after the Effective Time (other than AbbVie or an AbbVie Subsidiary).

“Abbott Territory” means anywhere in the world other than the AbbVie Territory.

“AbbVie” has the meaning set forth in the Preamble.

“AbbVie Indemnities” means: (i) AbbVie and each AbbVie Subsidiary; (ii) each of the respective past, present and future directors, officers, employees or agents of the entities described in (i) above, in each case in their respective capacities as such; and (iii) each of the heirs, executors, administrators, successors and assigns of any of the foregoing.

“AbbVie Indemnity Obligations” means all Liabilities to the extent such Liabilities relate to, arise out of or result from, directly or indirectly, any of the following items:

(i) any AbbVie Special Products Liability;

(ii) any failure of AbbVie or an AbbVie Subsidiary or any other Person to pay, perform or otherwise promptly discharge any AbbVie Special Products Liabilities in accordance with their terms, whether prior to, at or after the Effective Time;

(iii) except as otherwise set forth in any applicable Special Products Ancillary Agreement, the conduct of any business, operation or activity by or on behalf of AbbVie or an AbbVie Subsidiary from and after the Effective Time with respect to Special Products; and

(iv) any breach by AbbVie or an AbbVie Subsidiary of this Agreement or any Special Products Ancillary Agreement.

“AbbVie In-Licensed Intellectual Property” means any In-Licensed Intellectual Property Controlled by AbbVie or any AbbVie Subsidiary.

“AbbVie New Product Know-How” means any Know-How Controlled by AbbVie or any AbbVie Subsidiary to the extent such Know-How is related to the research, Development, Manufacture, use, or Commercialization of a New Product (but that does not also relate to a Special Product).

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“AbbVie New Product Patents” means any Patent Controlled by AbbVie or any AbbVie Subsidiary that covers the Development, Manufacture, use or Commercialization of a New Product (but that does not also cover a Special Product).

“AbbVie Special Products Assets” has the meaning set forth in Section 2.01.

“AbbVie Special Products Clinical Development Data” means, with respect to a given Special Product, any Clinical Development Data Controlled by AbbVie or any AbbVie Subsidiary relating to such Special Product and resulting from Clinical Development that is (i) initiated prior to the Effective Time (including that Clinical Development Data that constitutes an AbbVie Special Products Asset and is conveyed to AbbVie or any of its Subsidiaries pursuant to the Separation Agreement), or (ii) generated by or on behalf of AbbVie or any AbbVie Subsidiary during the term of this Agreement in the course of conducting Clinical Development with respect to such Special Product, provided such Clinical Development (A) is initiated after the Effective Time and (B) becomes part of Abbott’s rights pursuant to Section 5.02(e).

“AbbVie Special Products Liabilities” means the Liabilities (whether or not such Liabilities cease being contingent, mature, become known, are asserted or foreseen, or accrue, in each case before, at or after the Effective Time) relating to, arising out of or resulting from (i) actions, inactions, or omissions by or on behalf of Abbott or any Abbott Subsidiary occurring or existing prior to the Effective Time, or (ii) conditions, events, facts or circumstances occurring or existing prior to the Effective Time, in each of clauses (i) and (ii) with respect to: (A) the AbbVie Special Products Assets; (B) the Commercialization of, or in connection with the Commercialization of, a Special Product in the AbbVie Territory; (C) the provision of a Special Product pursuant to a compassionate use, patient name or similar program in both the AbbVie Territory and the Abbott Territory; (D) the Manufacture of, or in connection with the Manufacture of, a Special Product at a site transferred to AbbVie or an AbbVie Subsidiary or held by a Transferred Entity as part of the Separation; or (E) the Development of, or in connection with the Development of, a Special Product at a site transferred to AbbVie or an AbbVie Subsidiary or held by a Transferred Entity as part of the Separation.

“AbbVie Special Products Patents” means any Patent Controlled by AbbVie or any AbbVie Subsidiary that covers the Development, Manufacture, use or Commercialization of a Special Product, including those Patents that constitute AbbVie Special Products Assets and are conveyed to AbbVie or any of its Subsidiaries pursuant to the Separation Agreement.

“AbbVie Special Products Regulatory Documentation” means any Regulatory Documentation Controlled by AbbVie or any AbbVie Subsidiary to the extent such Regulatory Documentation relates to a Special Product, including that Regulatory Documentation that constitutes an AbbVie Special Products Asset and is conveyed to AbbVie or any of its Subsidiaries pursuant to the Separation Agreement.

“AbbVie Subsidiary” means any Business Entity that is a Subsidiary of AbbVie prior to, at, or after the Effective Time, including the Transferred Entities, which shall be deemed to have been AbbVie Subsidiaries at all times prior to, at and after the Effective Time.

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“AbbVie Territory” means: (i) for all Special Products other than Luvox®, Advicor® and Simcor®, the United States; (ii) for Luvox®, Japan; and (iii) for Advicor® and Simcor®, the entire world except Canada.

“Act” means the United States Federal Food, Drug, and Cosmetic Act, as amended, and the rules, regulations, guidelines, guidance and requirements promulgated thereunder, as may be in effect from time to time.

“Affiliate” (including, with a correlative meaning, “affiliated”) means, when used with respect to a specified Person, a Person that directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with such specified Person. For the purpose of this definition, “control” (including with correlative meanings, “controlled by” and “under common control with”), when used with respect to any specified Person shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or other interests, by contract, agreement, obligation, indenture, instrument, lease, promise, arrangement, release, warranty, commitment, undertaking or otherwise. The Parties agree that, prior to, at or after the Effective Time and for purposes of this Agreement and the Special Products Ancillary Agreements, neither AbbVie nor any of the AbbVie Subsidiaries, including the Transferred Entities (as defined in the Separation Agreement), shall be deemed to be an Affiliate of Abbott or any of the Abbott Subsidiaries, and neither Abbott nor any of the Abbott Subsidiaries shall be deemed to be an Affiliate of AbbVie or any of the AbbVie Subsidiaries.

“Agreement” means this Special Products Master Agreement and each of the Schedules and Exhibits hereto.

“Ancillary Agreement” has the meaning set forth in the Separation Agreement.

“Business Entity” means any corporation, general or limited partnership, trust, joint venture, unincorporated organization, limited liability entity or other entity.

“Clinical Development” means those pre-clinical and clinical activities, including post Regulatory Approval studies that are necessary or reasonably useful to obtain or maintain Regulatory Approval for a product for an indication, including testing in animals for purposes of obtaining or maintaining a Regulatory Approval.

“Clinical Development Data” means all data and results (including pre-clinical and clinical trial results) generated by or on behalf of either Party, or their respective Subsidiaries, from the conduct of Clinical Development.

“Commercialization” means, with respect to a Special Product or New Product, any and all activities, directly or indirectly, related to marketing, advertising, promoting, detailing, distributing, importing, exporting, offering for sale and selling such Special Product or New Product. Commercialization shall not include providing Special Products pursuant to a Compassionate Use Program. When used as a verb, “Commercialize” means to engage in Commercialization.

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“Compassionate Use Program” means a compassionate use, patient name or similar program for supplying Special Products to certain patients.

“Confidential Information” has the meaning set forth in Section 10.01(a).

“Consents” means any consents, waivers or approvals from, or notification requirements to, any Third Parties.

“Control” means, with respect to any Patents, Trademarks, Know-How or Regulatory Documentation, that a Party or one of its Subsidiaries possesses the right, whether directly or indirectly, and whether by ownership, license or sublicense, covenant not to sue or otherwise (other than by operation of the license and other grants set forth in this Agreement) to grant a license, sublicense or other right (including the right to reference Regulatory Documentation) to such item or right as provided for herein.

“Designees Discussion Period” has the meaning set forth in Section 11.01(a)(ii).

“Development” or “Develop” means Clinical Development and Non-Clinical Development by or, subject to Section 3.03, on behalf of a Party.

“Development Plan” has the meaning set forth in Section 5.02(d).

“Direct Claim” has the meaning set forth in Section 9.05(b).

“Dispute” has the meaning set forth in Section 11.01(a).

“Drug Approval Application” means an application for Regulatory Approval required before commercial sale or use of a Special Product or New Product in a regulatory jurisdiction or any amendments thereto submitted to a Governmental Authority.

“Effective Time” has the meaning set forth in the Separation Agreement.

“Employee Inventor Remuneration Entitlement” has the meaning set forth in Section 4.09.

“Expanded Special Products” means (i) Special Products and (ii) Improvements corresponding to such Special Products that are products of a Third Party.

“FDA” means the United States Food and Drug Administration, or any successor agency thereto.

“Field-of-Use” means all prophylactic or therapeutic pharmaceutical uses of a Special Product in humans for any and all indications, excluding the Veterinary Field-of-Use, but including in combination with a medical device.

“Force Majeure” means, with respect to a Party, an event beyond the control of such Party (or any Person acting on its behalf), which by its nature could not reasonably have been foreseen by such Party (or such Person), or, if it could reasonably have been foreseen, was

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unavoidable, and includes acts of God, storms, floods, riots, fires, sabotage, civil commotion or civil unrest, interference by civil or military authorities, acts of war (declared or undeclared) or armed hostilities, other national or international calamities or acts of terrorism or failures of energy sources or distribution or transportation facilities. Notwithstanding the foregoing, the receipt by a Party of an unsolicited takeover offer or other acquisition proposal, even if unforeseen or unavoidable, and such Party’s response thereto shall not be deemed an event of Force Majeure.

“Governmental Authority” means any supranational, international, national, federal, state, provincial or local court, government, department, commission, board, bureau, agency, official or other regulatory, administrative or governmental authority, including the New York Stock Exchange and any similar self-regulatory body under applicable securities Laws.

“Improvement” means any pharmaceutical product containing the same active moiety (but not in combination with a therapeutically meaningful amount of a different active moiety) and intended for the same indication as a Special Product as of the Effective Time, including any product with (i) an improvement, enhancement or modification to (a) the manufacturing process or specifications, or (b) any components of a Special Product, or (ii) any new or modified formulation, dosage form, dosage amount, delivery and administration mode or labeled condition of use.

“IND” means an Investigational New Drug Application filed with the FDA or a similar application filed with an applicable Governmental Authority outside of the United States such as a clinical trial application (CTA) or a clinical trial exemption (CTX).

“Indemnifying Party” has the meaning set forth in Section 9.03(a).

“Indemnitee” means an AbbVie Indemnitee or an Abbott Indemnitee, as appropriate.

“Indemnity Payment” has the meaning set forth in Section 9.03(a).

“Information” means information in written, oral, electronic or other tangible or intangible forms, including studies, reports, records, books, contracts, instruments, surveys, specifications, drawings, blueprints, diagrams, models, prototypes, samples, flow charts, data, marketing plans, customer names, Privileged Information, and other technical, financial, employee or business information or data; provided that “Information” does not include Patents, Trademarks, Know-How or copyrights.

“In-Licensed Intellectual Property” means any and all Patents, Know-How and Trademarks that are licensed by a Third Party to Abbott or AbbVie or their respective Subsidiaries under an In-Licensed Intellectual Property Agreement.

“In-Licensed Intellectual Property Agreements” means those Third Party agreements which license the In-Licensed Intellectual Property and any Special Products Ancillary Agreements which govern the use of any In-Licensed Intellectual Property.



“Insurance Proceeds” means, with respect to any insured party, those monies, net of any applicable premium adjustments (including reserves and retrospectively rated premium adjustments) and net of any costs or expenses incurred in the collection thereof, which are: (i) received by an insured from an insurance carrier or its estate; (ii) paid by an insurance carrier or its estate on behalf of the insured; or (iii) received (including by way of setoff) from any Third Party in the nature of insurance, contribution or indemnification in respect of any Liability.

“Interacting Party” has the meaning set forth in [Section 8.02\(a\)](#).

“Know-How” means all technical, scientific and other know-how, trade secrets, knowledge, technology, means, methods, processes, practices, formulas, instructions, skills, techniques, procedures, experiences, ideas, technical assistance, designs, drawings, assembly procedures, computer programs, apparatuses, specifications and data (other than Clinical Development Data), results and other material, including drug discovery and development technology, assays and any other methodology, manufacturing procedures, test procedures and purification and isolation techniques (whether patented or patentable) in written, electronic or any other form now known or hereafter developed.

“Law” means any supranational, international, national, federal, state, provincial, local or similar law (including common law), statute, code, order, ordinance, rule, regulation, treaty (including any Tax treaty), license, permit, authorization, approval, Consent, decree, injunction, binding judicial or administrative interpretation or other requirement, in each case enacted, promulgated issued or entered by a Governmental Authority.

“Liabilities” means all debts, liabilities, obligations, responsibilities, response actions, losses, damages (whether compensatory, punitive, consequential, incidental, treble or other), fines, penalties and sanctions, absolute or contingent, matured or unmatured, liquidated or unliquidated, foreseen or unforeseen, joint, several or individual, asserted or unasserted, accrued or unaccrued, known or unknown, whenever arising, including those arising under or in connection with any Law or other pronouncements of Governmental Authorities having the effect of Law, Proceeding, threatened Proceeding, order or consent decree of any Governmental Authority or any award of any arbitration tribunal, and those arising under any contract, guarantee, commitment or undertaking, whether sought to be imposed by a Governmental Authority, private party, or Party, whether based in contract, tort, implied or express warranty, strict liability, criminal or civil statute, or otherwise, and including any costs, expenses, interest, attorneys’ fees, disbursements and expenses of counsel, expert and consulting fees and costs related thereto or to the investigation or defense thereof.

“Major Jurisdictions” means the United States, each country or region of the European Union, as constituted from time to time, Japan, Canada, Brazil, India, China, Russia, Singapore, Australia, Turkey, Mexico and Indonesia.

“Manufacture” and “Manufacturing” means, as applicable, activities related to the production, manufacturing, processing, purifying, formulating, filling, finishing, packaging, labeling, shipping, holding of a pharmaceutical product or compound, or any intermediate thereof, including stability testing, quality assurance, quality control testing and batch release.

“Manufacturing Party” has the meaning set forth in [Section 7.01](#).

“New Product” means any pharmaceutical product containing (i) the same active moiety as a Special Product in combination with a therapeutically meaningful amount of a different active moiety (including an active moiety contained in another Special Product) or (ii) the same active moiety as a Special Product but intended for a different indication than such Special Product. New Product is not a Special Product.

“Non-Clinical Development” means test method development and stability testing, formulation development, dosage form development, delivery and administration mode or indication development, process development, manufacturing scale-up, analytical method validation, manufacturing process validation, cleaning validation, scale-up and related statistical analysis.

“Notice” means any written notice, request demand or other communication specifically referencing this Agreement and given in accordance with [Section 13.05](#).

“Parties” means the parties to this Agreement.

“Patents” means: (i) all national, regional and international patents and patent applications, including provisional patent applications; (ii) all patent applications filed either from the patents, patent applications or provisional applications in clause (i) or from an application claiming priority from any of these, including divisionals, continuations, continuations-in-part, converted provisionals, and continued prosecution applications; (iii) all patents that have issued or in the future issue from the foregoing patent applications specified in clauses (i) and (ii), including utility models, petty patents and design patents and certificates of invention; (iv) all patent term extensions or restorations by existing or future extension or restoration mechanisms, including any supplementary protection certificates and the like, as well as any revalidations, reissues, re-examinations, oppositions and the like of the foregoing patents or patent applications specified in clauses (i), (ii) and (iii); and (v) all similar rights, including so-called pipeline protection, or any importation, revalidation, confirmation or introduction patent or registration patent or patents of addition to each of such foregoing patent applications and patents.

“Person” means any (i) individual; (ii) Business Entity; or (iii) Governmental Authority.

“Privileged Information” means any information, in written, oral, electronic or other tangible or intangible forms, including any communications by or to attorneys (including attorney-client privileged communications), memoranda and other materials prepared by attorneys or under their direction (including attorney work product), as to which a Party or its respective Subsidiaries would be entitled to assert or have asserted a privilege, including the attorney-client and attorney work product privileges.

“Proceeding” means any past, present or future suit, countersuit, action, alternative dispute resolution process, claim, counterclaim, demand, hearing, inquiry, investigation or proceeding before a judicial, quasi-judicial, tribunal, arbitration or mediation

body, or by or before a Governmental Authority, in each case involving Abbott, an Abbott Subsidiary, an Abbott Indemnitee (but only if in a capacity entitling such Person to the rights of an Abbott Indemnitee), AbbVie, an AbbVie Subsidiary, or an AbbVie Indemnitee (but only if in a capacity entitling such Person to the rights of an AbbVie Indemnitee), in each case other than any such matter solely between Abbott or any Abbott Subsidiaries, on the one hand, and AbbVie or any AbbVie Subsidiaries, on the other hand, arising with respect to a controversy, dispute or claim under this Agreement or any Special Products Ancillary Agreement.

“Recall” has the meaning set forth in [Section 8.07\(a\)](#).

“Regulatory Approval” means all approvals (including, where applicable, pricing and reimbursement approval and schedule classifications), product and/or establishment licenses, registrations or authorizations of any Governmental Authority, necessary for the manufacture, use, storage, import, export, transport, offer for sale, or sale of a pharmaceutical product in a regulatory jurisdiction.

“Regulatory Documentation” means any and all applications, registrations, licenses, authorizations and approvals (including all Regulatory Approvals), and non-clinical and clinical study authorization applications or notifications prepared for submission to a Governmental Authority or research ethics committee with a view to the granting of any Regulatory Approval, and any correspondence to or with any Governmental Authority with respect to the Special Products, Improvements and New Products, including all INDs, Drug Approval Applications, adverse event files, complaint files and Manufacturing records.

“Regulatory Submission” has the meaning set forth in [Section 8.02\(b\)](#).

“Remuneration Assessment” has the meaning set forth in [Section 4.09\(b\)](#).

“Representative” has the meaning set forth in [Section 10.01\(a\)](#).

“Security Interest” means any mortgage, security interest, pledge, lien, charge, claim, option, right to acquire, voting or other restriction, right-of-way, covenant, condition, easement, encroachment, restriction on transfer, or other encumbrance of any nature whatsoever.

“Separation” has the meaning set forth in the Recitals.

“Separation Agreement” has the meaning set forth in the Recitals.

“Special Products” means each of: (i) AndroGel®; (ii) Marinol®; (iii) Biaxin®/Klacid®; (iv) Mavik®; (v) Tarka®; (vi) Teveten®; (vii) Tricor®/TRILIPIX®; (viii) Depakote®; (ix) Synthroid®; (x) Niaspan®; (xi) Creon®; (xii) Luvox®; (xiii) Advicor®; and (xiv) Simcor®, as each such Special Product may be more specifically detailed and defined in a Special Products Ancillary Agreement, including such Special Product’s formulations and filings of Regulatory Documentation, such as drug master files, Drug Approval Applications and other relevant dossiers, for active pharmaceutical ingredients, manufactured drug product and finished dosage forms, delivery and administration modes and indications as of the Effective Time, and

the results of all Development for each such Special Product to the extent included pursuant to [Section 5.02\(e\)](#).

“[Special Products Ancillary Agreements](#)” means any agreement which the Parties may enter into from time to time with respect to a Special Product.

“[Special Products Know-How](#)” means any Know-How that is (i) directly related to the research, Development, Manufacture, use, or Commercialization of a Special Product and (ii) is either (A) in existence as of the Effective Time, or (B) developed, created, conceived or invented by or on behalf of Abbott or Abbott Subsidiaries or by or on behalf of AbbVie or AbbVie Subsidiaries or jointly by the Parties in the course of conducting activities under a manufacturing agreement.

“[Special Products Know-How Patents](#)” means any Patents covering Special Products Know-How that are neither Abbott Special Products Patents nor AbbVie Special Products Patents.

“[Special Products Patents](#)” means any Abbott Special Products Patents, AbbVie Special Products Patents or Special Products Know-How Patents.

“[Subsidiary](#)” or “[subsidiary](#)” means, with respect to any Person, any Business Entity of which such Person: (i) beneficially owns, either directly or indirectly, more than fifty percent (50%) of (A) the total combined voting power of all classes of voting securities of such Business Entity; (B) the total combined equity interests; or (C) the capital or profit interests, in the case of a partnership; or (ii) otherwise has the power to vote, either directly or indirectly, sufficient securities to elect a majority of the board of directors or similar governing body.

“[Tax](#)” means: (i) any income, net income, gross income, gross receipts, profits, capital stock, franchise, property, ad valorem, stamp, excise, severance, occupation, service, sales, use, license, lease, transfer, import, export, customs duties, value added, alternative minimum, estimated or other similar tax (including any fee, assessment, or other charge in the nature of or in lieu of any tax) imposed by any Tax Authority, and any interest, penalties, additions to tax or additional amounts with respect to the foregoing imposed on any taxpayer or consolidated, combined or unitary group of taxpayers; and (ii) any Employment Tax (as defined in the Separation Agreement).

“[Tax Authority](#)” means, with respect to any Tax, the Governmental Authority or political subdivision thereof that imposes such Tax, and the agency (if any) charged with the collection of such Tax for such Governmental Authority or subdivision.

“[Tax Sharing Agreement](#)” has the meaning set forth in the Separation Agreement.

“[Third Party](#)” means any Person other than the Parties or any of their respective Subsidiaries.

“[Third Party Claim](#)” has the meaning set forth in [Section 9.04\(a\)](#).

“[Third Party License Agreements](#)” has the meaning set forth in [Section 3.06\(a\)](#).

“[Trademarks](#)” means all trademarks, trade names, brand names, domain names, service marks, trade dress, logos and all other source indicators, including all goodwill associated therewith and all applications, registrations and renewals in connection therewith.

“[Transferred Entities](#)” has the meaning set forth in the Separation Agreement.

“[U.S.](#)” or “[United States](#)” means the United States of America, including each of the fifty (50) states thereof, the District of Columbia, Puerto Rico, and all other territories and possessions of the United States of America.

“[Veterinary Field-of-Use](#)” means any use of a product for ethical or over-the-counter veterinary applications and shall specifically exclude any use of such product for human applications.

## ARTICLE II ABBVIE SPECIAL PRODUCTS ASSETS

Section 2.01 [AbbVie Special Products Assets](#). The Parties acknowledge and agree that the following Assets (the “[AbbVie Special Products Assets](#)”) shall be considered AbbVie Assets under the Separation Agreement and shall be conveyed, assigned, transferred or made available by Abbott or an Abbott Subsidiary to AbbVie or an AbbVie Subsidiary in accordance with the terms and conditions of the Separation Agreement:

- (a) the Patents listed on [Schedule 2.01\(a\)](#);
- (b) the Trademarks listed on [Scheduled 2.01\(b\)](#);
- (c) the Regulatory Approvals listed on [Schedule 2.01\(c\)](#);
- (d) the Clinical Development Data that was in existence as of the Effective Time and was generated in direct support of obtaining a Regulatory Approval for a Special Product in the AbbVie Territory;
- (e) the Regulatory Documentation that was in existence as of the Effective Time and was generated, filed or produced for a Special Product for use in the AbbVie Territory; and
- (f) an undivided interest (with Abbott and the Abbott Subsidiaries) of all Special Products Know-How in existence as of the Effective Time.

Section 2.02 [Liabilities](#). The Parties acknowledge and agree that the AbbVie Special Products Liabilities shall be considered AbbVie Liabilities and the Abbott Special Products Liabilities shall be considered Abbott Liabilities for purposes of the Separation. Further, the AbbVie Special Products Liabilities shall be transferred, assigned, discharged and novated by

Abbott or an Abbott Subsidiary and accepted and assumed by AbbVie or an AbbVie Subsidiary pursuant to Article II of the Separation Agreement; provided that a Party’s indemnification obligations with respect to either the AbbVie Special Products Liabilities or the Abbott Special Products Liabilities shall be subject to the provisions of [Article X](#) of this Agreement.

Section 2.03 [Disclaimer of Representations and Warranties](#).

(a) *Disclaimer.* EACH OF ABBOTT (ON BEHALF OF ITSELF AND EACH OF THE ABBOTT SUBSIDIARIES) AND ABBVIE (ON BEHALF OF ITSELF AND EACH OF THE ABBVIE SUBSIDIARIES) UNDERSTANDS AND AGREES THAT, EXCEPT AS EXPRESSLY SET FORTH HEREIN OR IN ANY SPECIAL PRODUCTS ANCILLARY AGREEMENT, NO PARTY TO THIS AGREEMENT, ANY SPECIAL PRODUCTS ANCILLARY AGREEMENT OR OTHERWISE, IS: (I) REPRESENTING OR WARRANTING TO ANY OTHER PARTY HERETO OR THERETO IN ANY WAY WITH RESPECT TO SPECIAL PRODUCTS OR NEW PRODUCTS, AS TO ANY APPROVALS OR NOTIFICATIONS REQUIRED IN CONNECTION HEREWITH OR THEREWITH, AS TO THE VALUE OR FREEDOM FROM ANY SECURITY INTERESTS OF, OR ANY OTHER MATTER CONCERNING, THE SPECIAL PRODUCTS; OR (II) MAKING ANY OTHER REPRESENTATIONS OR GRANTING ANY WARRANTIES, EXPRESS OR IMPLIED EITHER IN FACT OR BY OPERATION OF LAW, BY STATUTE OR OTHERWISE. EACH PARTY SPECIFICALLY DISCLAIMS ANY OTHER WARRANTIES, WHETHER WRITTEN OR ORAL, OR EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF QUALITY, MERCHANTABILITY, OR FITNESS FOR A PARTICULAR PURPOSE OR ANY WARRANTY AS TO THE VALIDITY OF ANY PATENTS OR THE NON-INFRINGEMENT OF ANY PATENTS, TRADEMARKS, OR OTHER INTELLECTUAL PROPERTY RIGHTS OF THIRD PARTIES.

(b) *Provisions Prevail.* Each of Abbott (on behalf of itself and each of the Abbott Subsidiaries) and AbbVie (on behalf of itself and each of the AbbVie Subsidiaries) further understands and agrees that if the disclaimer of express or implied representations and warranties contained in [Section 2.03\(a\)](#) is held unenforceable or is unavailable for any reason, under the Laws of any jurisdiction outside the United States or if, under the Laws of a jurisdiction outside the United States, both Abbott or any of the Abbott Subsidiaries, on the one hand, and AbbVie or any of the AbbVie Subsidiaries, on the other hand, are jointly or severally liable for any AbbVie Special Products Liability or any Abbott Special Products Liability, respectively, then, the Parties intend that, notwithstanding any provision to the contrary under the Laws of such foreign jurisdictions, the provisions of this Agreement and the Special Products Ancillary Agreements (including the disclaimer of all representations and warranties, allocation of Liabilities among the Parties and their respective Subsidiaries, releases, indemnification and contribution of Liabilities) shall prevail for any and all purposes among the Parties and their respective Subsidiaries.

Section 2.04 [Further Assurances](#).

(a) *Additional Actions.* In addition to the actions specifically provided for elsewhere in this Agreement, each Party shall, and shall cause each of its respective Subsidiaries to, use commercially reasonable efforts, to take, or cause to be taken, all actions,

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and to do, or cause to be done, all things, necessary or advisable under applicable Laws and agreements to consummate the transactions contemplated by this Agreement and the Special Products Ancillary Agreements; provided, however, that neither Abbott nor AbbVie (nor any of their respective Subsidiaries) shall be obligated under this Section 2.04(a) to pay any consideration, grant any concession or incur any additional Liability to any Third Party other than ordinary and customary fees paid to a Governmental Authority.

(b) *Cooperation.* Without limiting the foregoing, each Party shall, and shall cause each of its Subsidiaries to, cooperate with the other Party without any further consideration to execute and deliver, or use commercially reasonable efforts to cause to be executed and delivered, all documents in furtherance of this Agreement and to make all filings with, and to obtain all Consents of, any Governmental Authority or any other Person under any permit, license, agreement, indenture or other instrument (including any Consents), and to take all such other actions as such Party may reasonably be requested to take by the other Party from time to time, consistent with the terms of this Agreement and the Special Products Ancillary Agreements, in order to effectuate the provisions and purposes of this Agreement and the Special Products Ancillary Agreements and the transactions contemplated hereby and thereby.

ARTICLE III  
GRANT OF RIGHTS

Section 3.01 Grant of Rights to Abbott.

(a) *Grant of Rights for Commercialization.* Subject to the terms of this Agreement and, if applicable, any Special Products Ancillary Agreements or In-Licensed Intellectual Property Agreements, AbbVie, on behalf of itself and the AbbVie Subsidiaries, to the extent each such Business Entity has rights, hereby grants to Abbott and the Abbott Subsidiaries under the AbbVie Special Products Patents, AbbVie In-Licensed Intellectual Property, AbbVie Special Products Clinical Development Data, and AbbVie's and the AbbVie Subsidiaries' ownership interest in the Special Products Know-How, the following:

(i) an exclusive (including with regard to AbbVie and the AbbVie Subsidiaries), perpetual, irrevocable, fully paid and royalty-free right and license, or sublicense as applicable, solely for purposes of Commercializing Expanded Special Products in the Abbott Territory; and

(ii) a non-exclusive, perpetual, irrevocable, fully paid and royalty-free right and license, or sublicense as applicable, solely for purposes of Commercializing New Products in the Abbott Territory.

(b) *Grant of Rights for Development.* Subject to the terms of this Agreement and, if applicable, any Special Products Ancillary Agreements or In-Licensed Intellectual Property Agreements, AbbVie, on behalf of itself and the AbbVie Subsidiaries, to the extent

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each such Business Entity has rights, hereby grants to Abbott and the Abbott Subsidiaries under the AbbVie Special Products Patents, AbbVie In-Licensed Intellectual Property and AbbVie Special Products Clinical Development Data, the following:

(i) a non-exclusive, perpetual, irrevocable, fully paid and royalty-free right and license, or sublicense as applicable, to Develop Special Products anywhere in the world solely for the purpose of securing Regulatory Approvals for the Commercialization of Special Products in the Abbott Territory; and

(ii) a non-exclusive, perpetual, irrevocable, fully paid and royalty-free right and license, or sublicense as applicable, to Develop New Products anywhere in the world solely for the purpose of securing Regulatory Approvals for the Commercialization of New Products in the Abbott Territory.

(c) *Grant of Rights for Manufacturing.* Subject to the terms of this Agreement and, if applicable, any Special Products Ancillary Agreements or In-Licensed Intellectual Property Agreements, AbbVie, on behalf of itself and the AbbVie Subsidiaries, to the extent each such Business Entity has rights, hereby grants to Abbott and the Abbott Subsidiaries under the AbbVie Special Products Patents, AbbVie In-Licensed Intellectual Property and AbbVie Special Products Clinical Development Data, the following:

(i) a non-exclusive, perpetual, irrevocable, fully paid and royalty-free right and license, or sublicense as applicable, to Manufacture and have Manufactured Special Products anywhere in the world solely for the purpose of Commercializing Special Products in the Abbott Territory and for the purpose of Abbott fulfilling its obligations under a manufacturing agreement to manufacture a Special Product; and

(ii) a non-exclusive, perpetual, irrevocable, fully paid and royalty-free right and license, or sublicense as applicable, to Manufacture and have Manufactured (including the right to import and export) New Products anywhere in the world solely for the purpose of Commercializing New Products in the Abbott Territory.

(d) *Right to Access, Reference or Cross-Reference.* Subject to the terms of this Agreement and, if applicable, any Special Products Ancillary Agreements or In-Licensed Intellectual Property Agreements, AbbVie, on behalf of itself and the AbbVie Subsidiaries, to the extent each such Business Entity has rights, hereby grants to Abbott and the Abbott Subsidiaries the exclusive right to access, reference or cross-reference the AbbVie Special Products Regulatory Documentation and AbbVie Special Products Clinical Development Data to support Abbott's Regulatory Approval applications for the Special Products in the Abbott Territory and solely for the purpose of Developing, Manufacturing, using and Commercializing the Special Products in accordance with the foregoing license grants in this Section 3.01.

(e) *No Rights to AbbVie New Products Intellectual Property.* The Parties acknowledge and agree that neither this Agreement nor any Special Products Ancillary

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Agreement grants to Abbott or any of its Subsidiaries any rights under the AbbVie New Product Patents or AbbVie New Product Know-How. AbbVie shall solely own all rights to such Assets.

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Section 3.02 Grant of Rights to AbbVie.

(a) *Grant of Rights for Commercialization.* Subject to the terms of this Agreement and, if applicable, any Special Products Ancillary Agreements or In-Licensed Intellectual Property Agreements, Abbott, on behalf of itself and the Abbott Subsidiaries, to the extent each such Business Entity has rights, hereby grants to AbbVie and the AbbVie Subsidiaries, under the Abbott Special Products Patents, Abbott In-Licensed Intellectual Property, Abbott Special Products Clinical Development Data, and Abbott's and the Abbott Subsidiaries' ownership interest in the Special Products Know-How, the following:

(i) an exclusive (including with regard to Abbott and the Abbott Subsidiaries), perpetual, irrevocable, fully paid and royalty-free right and license, or sublicense as applicable, solely for purposes of Commercializing Expanded Special Products in the Field-of-Use in the AbbVie Territory; and

(ii) a non-exclusive, perpetual, irrevocable, fully paid and royalty-free right and license, or sublicense as applicable, solely for purposes of Commercializing New Products in the Field-of-Use in the AbbVie Territory.

(b) *Grant of Rights for Development.* Subject to the terms of this Agreement and, if applicable, any Special Products Ancillary Agreements or In-Licensed Intellectual Property Agreements, Abbott, on behalf of itself and the Abbott Subsidiaries, to the extent each such Business Entity has rights, hereby grants to AbbVie and the AbbVie Subsidiaries under the Abbott Special Products Patents, Abbott In-Licensed Intellectual Property and Abbott Special Products Clinical Development Data, the following:

(i) a non-exclusive, perpetual, irrevocable, fully paid and royalty-free right and license, or sublicense as applicable, to Develop Special Products anywhere in the world solely for the purpose of securing Regulatory Approvals for the Commercialization of Special Products in the Field-of-Use in the AbbVie Territory; and

(ii) a non-exclusive, perpetual, irrevocable, fully paid and royalty-free right and license, or sublicense as applicable, to Develop New Products in the Field-of-Use anywhere in the world solely for the purpose of securing Regulatory Approvals for the Commercialization of New Products in the Field-of-Use in the AbbVie Territory.

(c) Grant of Rights for Manufacturing. Subject to the terms of this Agreement and, if applicable, any Special Products Ancillary Agreements or In-Licensed Intellectual Property Agreements, Abbott, on behalf of itself and the Abbott Subsidiaries, to the extent each such Business Entity has rights, hereby grants to AbbVie and the AbbVie Subsidiaries under the Abbott Special Products Patents, Abbott In-Licensed Intellectual Property and Abbott Special Products Clinical Development Data, the following:

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(i) a non-exclusive, perpetual, irrevocable, fully paid and royalty-free right and license, or sublicense as applicable, to Manufacture and have Manufactured Special Products anywhere in the world solely for the purpose of Commercializing Special Products in the Field-of-Use in the AbbVie Territory and for the purpose of AbbVie fulfilling its obligations under a manufacturing agreement to manufacture a Special Product; and

(ii) a non-exclusive, perpetual, irrevocable, fully paid and royalty-free right and license, or sublicense as applicable, to Manufacture and have Manufactured New Products anywhere in the world solely for the purpose of Commercializing New Products in the Field-of-Use in the AbbVie Territory.

(d) Right to Access, Reference or Cross-Reference. Subject to the terms of this Agreement and, if applicable, any Special Products Ancillary Agreements or In-Licensed Intellectual Property Agreements, Abbott, on behalf of itself and the Abbott Subsidiaries, to the extent each such Business Entity has rights, hereby grants to AbbVie and the AbbVie Subsidiaries the exclusive right to access, reference or cross-reference the Abbott Special Products Regulatory Documentation and Abbott Special Products Clinical Development Data to support AbbVie's Regulatory Approval applications for the Special Products in the AbbVie Territory and solely for the purpose of Developing, Manufacturing, using and Commercializing the Special Products in accordance with the foregoing license grants in this Section 3.02.

(e) No Rights to Abbott New Products Intellectual Property. The Parties acknowledge and agree that neither this Agreement nor any Special Products Ancillary Agreement grants to AbbVie or any of its Subsidiaries any rights under the Abbott New Product Patents or Abbott New Product Know-How. Abbott shall solely own all rights to such Assets.

Section 3.03 Sublicense Rights. Subject to the terms of the In-Licensed Intellectual Property Agreements, either Party may grant sublicenses (or further rights to access, reference or cross-reference) under the licenses in Section 3.01 and Section 3.02; provided that any such sublicenses shall be consistent with the terms and conditions of this Agreement and any applicable In-Licensed Intellectual Property Agreement; provided further that (a) within ten (10) business days after execution, such Party shall provide the other Party with a copy of each sublicense agreement (as may be redacted for confidentiality obligations), and (b) each sublicense granted by a Party pursuant to this Section 3.03 shall be subject and subordinate to the terms and conditions of this Agreement, the applicable Special Products Ancillary Agreements and the applicable In-Licensed Intellectual Property Agreements, including, that both during the term of the sublicense and thereafter, the sublicensee shall be bound by a confidentiality obligation substantially similar to that by which a Party is bound under this Agreement. The sublicensing Party hereby guarantees and shall be liable for the performance of its sublicensees with respect to its obligations under this Agreement.

Section 3.04 Obligation with Respect to Affiliates and Subsidiaries. To the extent that any Affiliate or Subsidiary of any Party exercises any rights or obligations of such Party under this Agreement or any Special Products Ancillary Agreement, such Party shall ensure that such

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Affiliate or Subsidiary exercises such rights and obligations in a manner consistent with, and subject to the applicable provisions of, this Agreement and the applicable Special Products Ancillary Agreement(s).

Section 3.05 In-Licensed Intellectual Property. The terms of the licenses in Article III and additional provisions and restrictions with respect to the In-Licensed Intellectual Property are set forth in this Agreement and any Special Products Ancillary Agreements, including reporting obligations to the licensor, audit rights and calculation of royalties, if any. Each Party covenants that it shall comply with the terms of each In-Licensed Intellectual Property Agreement applicable to such Party.

Section 3.06 Third Party License Agreements.

(a) Notification. In the event that Abbott or AbbVie, as the case may be, after a good faith analysis, determines that one or more licenses to Patents, Trademarks or Know-How of a Third Party (other than as may already be licensed under an In-Licensed Intellectual Property Agreement) may be required in order to Develop, Manufacture, use or Commercialize a Special Product ("Third Party License Agreements"), it shall promptly notify the other, and the Parties shall meet to discuss the basis for such determination.

(b) Negotiation Responsibility.

(i) Subject to Section 3.06(b)(iii), Abbott shall be responsible for negotiating and entering into any Third Party License Agreements regarding Patents, Trademarks or Know-How that could be relevant, useful or necessary to Develop, Manufacture, use or Commercialize any Special Product in the Abbott Territory.

(ii) Subject to Section 3.06(b)(iii), AbbVie shall be responsible for negotiating and entering into any Third Party License Agreements regarding Patents, Trademarks or Know-How that could be relevant, useful or necessary to Develop, Manufacture, use or Commercialize any Special Product in the AbbVie Territory.

(iii) Notwithstanding the foregoing, if a Third Party License Agreement regarding any Patents, Trademarks or Know-How could be relevant, necessary or useful to Develop, Manufacture, use or Commercialize any Special Product both in the Abbott Territory and the AbbVie Territory, in each case, the Parties shall agree which Party shall be primarily responsible for negotiating and entering into any such Third Party License Agreement. Any Third Party License Agreement entered into pursuant to this Section 3.06(b)(iii) shall be mutually agreed to by the Parties and shall ensure that the Development, Manufacture, use and Commercialization of such Special Product in both the Abbott Territory and the AbbVie Territory, in each case, shall be licensed or otherwise protected from a claim of infringement to the applicable Third Party Patents, Trademarks or Know-How; provided, however, if the Parties are unable to mutually agree on the terms of any such Third Party License Agreement, (A) either Party shall be free to enter into a license agreement with such Third Party solely with

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respect to such Party's territory, provided such agreement does not diminish the value of the other Party's grant of rights pursuant to Section 3.01 or Section 3.02, as the case may be, (B) such Party shall have no obligation to sublicense such Patents, Trademarks or Know-How of such Third Party to the other Party, and (C) such Patents, Trademarks or Know-How of such Third Party shall not be deemed to be "Controlled" by such Party for purposes of the applicable license grants in this Agreement.

(c) Responsibility for Payments to Third Parties. Abbott shall be solely responsible for any royalties, fees or other payments due under any Third Party License Agreement to the extent solely related to Commercialization of any Special Product in the Abbott Territory. AbbVie shall be solely responsible for any royalties, fees or other payments due under any Third Party License Agreement to the extent solely related to Commercialization of any Special Products in the AbbVie Territory. The Parties shall mutually agree how to allocate responsibility for royalties, fees or other payments due under any Third Party License Agreement to the extent not solely allocable to either the Abbott Territory or the AbbVie Territory.

ARTICLE IV  
INTELLECTUAL PROPERTY RIGHTS

Section 4.01 Disclosure of Improvements and Special Products Know-How. Subject to Article X, each Party shall disclose to the other Party Improvements and Special Products Know-How (a) as part of a technology transfer under manufacturing agreements for Special Products and (b) with respect to Development activity in accordance with Section 5.02(a). Further, all disclosures under this Section 4.01 shall be made at least sixty (60) days prior to any public disclosure of such Improvement or Special Products Know-How or any required submission to Governmental Authorities in compliance with the requirements of government supported research. The filing of a patent application is not intended to constitute a "public disclosure" for purposes of the immediately preceding sentence.

Section 4.02 Ownership.

(a) Improvements. Except as set forth in Section 4.02(b), Improvements (and all intellectual property rights related thereto) created or Developed by or on behalf of Abbott or any Abbott Subsidiary shall be solely owned by Abbott or any Abbott Subsidiary and Improvements (and all intellectual property rights related thereto) created or Developed by or on behalf of AbbVie or any AbbVie Subsidiary shall be solely owned by AbbVie or any AbbVie Subsidiary.

(b) Special Products Know-How. Subject to Section 5.02(a), any and all Special Products Know-How shall be jointly owned. In the event of a Dispute as to whether something constitutes Special Products Know-How, Abbott and AbbVie shall resolve such Dispute in accordance with the terms of Article XI. The Parties acknowledge that the ownership rights set forth in this Section 4.02(b) are subject to the licenses granted pursuant to this

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Agreement, any Special Products Ancillary Agreement and the In-Licensed Intellectual Property Agreements. Subject to the licenses granted pursuant to this Agreement and any Special Products Ancillary Agreement and subject to [Section 3.03](#), each Party shall be free to use and exploit (which shall include the right to grant licenses under) the Special Products Know-How, without any duty of accounting to the other Party. Each Party shall be exclusively responsible for any compensation payable to any of its employees, subcontractors and sublicensees in respect of any Special Products Know-How. To the extent that any right, title or interest in or to any Special Products Know-How vests in a Party by operation of applicable Law or otherwise, in a manner contrary to the agreed upon ownership as set forth in this Agreement, such Party shall, and hereby does, irrevocably assign to the other Party joint right, title and interest throughout the world in and to such Special Products Know-How without the need for any further action by any Party.

Section 4.03 Prosecution of Patent Rights.

(a) *Prosecution by Abbott.* Except as otherwise set forth in this Agreement or any Special Products Ancillary Agreement, Abbott shall have the sole right to prepare, file, prosecute and maintain the Abbott Special Products Patents and the Abbott New Product Patents. If, during the term of this Agreement, Abbott intends to allow any Abbott Special Products Patent to expire or intends to otherwise abandon any such Abbott Special Products Patent, Abbott shall notify AbbVie of such intention at least sixty (60) days prior to the date upon which such patent shall expire or be abandoned, and, subject to the terms of any In-Licensed Intellectual Property Agreement, AbbVie shall thereupon have the right, but not the obligation, to assume responsibility for the preparation, filing, prosecution or maintenance thereof. To the extent AbbVie elects to assume such responsibility, Abbott shall promptly assign to AbbVie, without compensation, all of Abbott's right, title and interest in and to such abandoned Abbott Special Products Patents.

(b) *Prosecution by AbbVie.* Except as otherwise set forth in this Agreement or any Special Products Ancillary Agreement, AbbVie shall have the sole right to prepare, file, prosecute and maintain the AbbVie Special Products Patents and the AbbVie New Product Patents. If, during the term of this Agreement, AbbVie intends to allow any AbbVie Special Products Patent to expire or intends to otherwise abandon any such AbbVie Special Products Patent, AbbVie shall notify Abbott of such intention at least sixty (60) days prior to the date upon which such patent shall expire or be abandoned, and, subject to the terms of any In-Licensed Intellectual Property Agreement, Abbott shall thereupon have the right, but not the obligation, to assume responsibility for the preparation, filing, prosecution or maintenance thereof. To the extent Abbott elects to assume such responsibility, AbbVie shall promptly assign to Abbott, without compensation, all of AbbVie's right, title and interest in and to such abandoned AbbVie Special Products Patents.

(c) *Prosecution of Patents Covering Special Products Know-How.* Abbott shall be the owner of Special Products Know-How Patents in the Abbott Territory and AbbVie shall be the owner of Special Products Know-How Patents in the AbbVie Territory. To the extent that

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any right, title or interest in or to any Special Products Know-How Patent vests in a Party by operation of applicable Law or otherwise, in a manner contrary to the agreed upon ownership as set forth in the preceding sentence, such Party shall, and hereby does, irrevocably assign to the other Party joint right, title and interest throughout the world in and to such Special Products Know-How Patent without the need for any further action by any Party. Abbott shall have the primary right to prepare, file, prosecute and maintain Special Products Know-How Patents in the Abbott Territory. AbbVie shall have the primary right to prepare, file, prosecute and maintain Special Products Know-How Patents in the AbbVie Territory.

(d) *No Disclosure of Confidential Information.* Neither Party shall have the right to disclose Confidential Information belonging solely to the other Party when preparing, filing, prosecuting or maintaining any AbbVie Special Products Patent, AbbVie New Product Patent, Abbott Special Products Patent, Abbott New Product Patent, or Special Products Know-How Patent, as applicable, without the prior written consent of the other Party, which consent shall not be unreasonably withheld or delayed.

Section 4.04 Prosecution Costs.

(a) Except as otherwise set forth in this Agreement or any Special Products Ancillary Agreement, Abbott shall be responsible for all costs or expenses incurred by it in the course of preparing, filing, prosecuting and maintaining all (i) Abbott Special Products Patents and Abbott New Product Patents and (ii) Special Products Know-How Patents in the Abbott Territory.

(b) Except as otherwise set forth in this Agreement or any Special Products Ancillary Agreement, AbbVie shall be responsible for all costs or expenses incurred by it in the course of preparing, filing, prosecuting and maintaining all (i) AbbVie Special Products Patents and AbbVie New Product Patents and (ii) Special Products Know-How Patents in the AbbVie Territory.

(c) In the event that a Party does not want to support, or continue to support, the preparation, filing, prosecution or maintenance of any Special Products Know-How Patent in a particular country in such Party's territory, it shall so notify the other Party in writing and it shall not be obligated to pay for any costs or expenses relating to the preparation, filing, prosecution or maintenance of such Special Products Know-How Patent which are incurred following delivery of such notification. In the event a Party notifies the other Party of its election not to support the preparation, filing, prosecution or maintenance of a Special Products Know-How Patent in a particular country in such Party's territory pursuant to the provisions of this [Section 4.04](#), then it shall, upon the request of the other, assign to the other, without compensation to the assignor, but at the expense of the assignee, all of the notifying Party's right, title and interest in and to such Special Products Know-How Patent in such country, and such Special Products Know-How Patent shall thereafter be owned by AbbVie or Abbott, as applicable.

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Section 4.05 Prosecution Cooperation. Each of Abbott and AbbVie shall make available to the other (or to the other's authorized attorneys, agents or representatives) its employees, agents or consultants to the extent necessary or reasonable to enable the requesting Party to prepare, file, prosecute and maintain all Special Products Know-How Patents filed by the Parties, and for periods of time sufficient for such Party to obtain the necessary assistance from such personnel. In addition, where appropriate, each of Abbott and AbbVie shall perform such commercially reasonable acts (including signing or causing to have signed all documents necessary) for the appropriate Party to prepare, file, prosecute and maintain all such Special Products Know-How Patents. Any costs of cooperation under this [Section 4.05](#) shall be at the expense of the requesting Party.

Section 4.06 Notice of Issuance. Abbott shall deliver or have delivered to AbbVie in a timely manner copies of all patent applications, amendments, related correspondence, and other documents reasonably requested by AbbVie concerning all Abbott Special Products Patents in the Major Jurisdictions that are related to the AbbVie's Manufacture, Development, use or Commercialization activities with respect to a Special Product and the Special Products Know-How Patents in the Major Jurisdictions for which Abbott is the prosecuting Party. AbbVie shall deliver or have delivered to Abbott in a timely manner copies of all patent applications, amendments, related correspondence, and other documents reasonably requested by Abbott concerning all AbbVie Special Products Patents in the Major Jurisdictions that are related to Abbott's Manufacture, Development, use or Commercialization activities with respect to a Special Product and the Special Products Know-How Patents in the Major Jurisdictions for which AbbVie is the prosecuting Party.

Section 4.07 Matters Involving Infringement. In the event either Party reasonably believes that a Third Party infringes, or is reasonably likely to infringe, Abbott Special Products Patents, AbbVie Special Products Patents or Special Products Know-How Patents with respect to the applicable Special Product, then each Party shall be solely responsible, at its cost, for the control of any infringement Proceeding in its territory and shall be solely entitled to any recovery and solely responsible to pay any Liability resulting therefrom.

Section 4.08 Third Party Infringement Suit. In the event that a Third Party brings a Proceeding against AbbVie, Abbott or any of their respective Subsidiaries alleging that the Manufacture, use or Commercialization of a Special Product infringes such Third Party's intellectual property rights, including Patents and Trademarks, then Abbott and AbbVie shall defend such Proceeding pursuant to their indemnification obligations set forth in [Section 9.01](#) or [Section 9.02](#), as applicable.

Section 4.09 Inventor Remuneration. If, in respect of an invention underlying a Special Products Patent, any payment is owed from or after the Effective Time by either Party to any current or former employee who is, under the Law of any jurisdiction, entitled to such payment as a remuneration of such employee's contribution to the invention (an "[Employee Inventor Remuneration Entitlement](#)"), the following shall apply:

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(a) If and to the extent that the actions or events that give rise to an Employee Inventor Remuneration Entitlement are related exclusively to Abbott, Abbott shall indemnify and hold harmless AbbVie from and against the Employee Inventor Remuneration Entitlements resulting from such actions or events. If and to the extent that the actions or events that give rise to an Employee Inventor Remuneration Entitlement are related exclusively to AbbVie, AbbVie shall indemnify and hold harmless Abbott from and against the Employee Inventor Remuneration Entitlements resulting from such actions and events. If and to the extent that the actions or events that give rise to an Employee Inventor Remuneration Entitlement are related to both Parties, then the Party who is not legally obligated to pay the Employee Inventor Remuneration Entitlements shall indemnify and hold harmless the other Party from and against the Employee Inventor Remuneration Entitlements resulting from such actions or events on a pro rata basis, taking into account the relative benefit from such actions and events to the Party not legally obligated to pay the Employee Inventor Remuneration Entitlements.

(b) If the determination, adjustment, adaption or other assessment of an Employee Inventor Remuneration Entitlement is, or becomes after the Effective Time, the subject matter of: (i) any Proceeding; (ii) any consultations, negotiations or agreement with the relevant employee or a body of employees; or (iii) a unilateral decision of a Party (each of (i) through (iii)), including any appeals, a "[Remuneration Assessment](#)", the Parties shall cooperate with respect to such Remuneration Assessment in good faith. The Party against which a Remuneration Assessment is made shall: (A) provide Notice to the other Party about, and offer the other Party reasonable opportunity to participate in, the Remuneration Assessment; (B) take the other Party's reasonable comments and requests into due consideration; and (C) refrain from acknowledging or settling, agreeing to or unilaterally deciding on the relevant Employee Inventor Remuneration Entitlement without the other Party's prior written consent (which consent shall not be unreasonably withheld or delayed).

(c) Each Party shall provide the other Party with any information about the commercial exploitation of the relevant Special Products Patent, including any payments or other economic benefits received from such exploitation, by the Party and its Subsidiaries reasonably requested by the other Party for any determination under Sections 4.09(a) and Section 4.09(b).

## ARTICLE V DEVELOPMENT MATTERS

Section 5.01 Development Rights and Responsibilities. Subject to the provisions of Article III, this Article V and, if applicable, any Special Products Ancillary Agreements, each Party shall have the right to conduct further Development of Special Products and to Develop New Products.

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### Section 5.02 Development Activities for Special Products.

(a) Proposal and Opt-In. If, during the term of the applicable manufacturing agreement, a Party desires to further Develop a Special Product, and the estimated Development costs are expected to be in excess of three million United States Dollars (\$3,000,000), then such Party shall submit to the other Party its proposal for such Development. The non-proposing Party shall have the right to opt-in and participate in any such Development, such right to be exercised within sixty (60) days after receipt of such proposal. In the event that the estimated costs for such Development is expected to be in excess of three million United States Dollars (\$3,000,000) and the non-proposing Party does not elect to opt-in and participate in the Development thereof (including sharing in the costs and expenses thereof), then all intellectual property rights arising from such Development shall be excluded from the license grant in Section 3.01 or Section 3.02, as applicable, any Know-How created or developed in the course of such Development shall be solely owned by the proposing Party and shall not be considered Special Products Know-How, and the non-proposing Party shall have no rights to Manufacture, use or Commercialize a Special Product utilizing any Improvement resulting from such Development.

(b) Other Development Requiring Disclosure. Except as otherwise provided in Section 5.02(a), if, during the term of this Agreement, a Party desires to further Develop a Special Product, and such Development either (i) involves Clinical Development, or (ii) could reasonably be expected to require the other Party to have to amend or update its Regulatory Approvals for the applicable Special Product, then the Party planning such Development shall submit to the other Party a copy of the plan for such Development.

(c) Contents of Proposal. For Development that is subject to Section 5.02(a), all such proposals shall contain, at a minimum, information supporting the rationale for further Developing such Special Product from a scientific, regulatory and commercial standpoint, as well as an estimate of the timeframe for and cost of such Development.

(d) Development Plans. With respect to Development activities for which the non-proposing Party has elected to participate pursuant to Section 5.02(a), the Parties shall enter into a development agreement and prepare a development plan (each, a "Development Plan") that shall, among other things:

- (i) identify all major Development tasks remaining to be accomplished prior to submission of filings for major regulatory milestones and Regulatory Approvals;
- (ii) identify key Development objectives, expected associated resources, risk factors, timelines, Go/No Go decision points and relevant decision criteria and, where appropriate, decision trees;
- (iii) indicate how resources are expected to be provided by Abbott and AbbVie to support the Development for such Special Product;

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(iv) include a reasonably detailed description and estimated budget for the Development activities that are expected to be performed by Abbott and AbbVie under the Development Plan; and

(v) specify the manner in which the Development costs and expenses (including any costs and expenses incurred prior to the finalization of the applicable Development Plan) with respect to such activities shall be allocated between the AbbVie Territory and the Abbott Territory.

(e) Included Improvements. If, during the term of the applicable manufacturing agreement, a Party Develops a Special Product, and either (i) the other Party opted into the Development pursuant to Section 5.02(a) or (ii) the estimated Development costs were not expected to be in excess of three million United States Dollars (\$3,000,000), then any Improvement resulting from such Development shall be included in the definition of Special Products for purposes of this Agreement, all intellectual property rights arising from such Development shall be included in the license grant in Section 3.01 or Section 3.02, as applicable, any Know-How created or developed in the course of such Development shall be considered Special Products Know-How and jointly owned, and any Improvement resulting from any such Development shall be included in the technology transfer to the other Party at the expiration of the applicable manufacturing agreement in accordance with the terms of such manufacturing agreement.

Section 5.03 Development Activities for New Products. Either Party shall be free to Develop New Products. Except as otherwise set forth in this Agreement or a Special Products Ancillary Agreement, neither Party shall have the right to opt-in to the Development activities of the other Party with respect to the Development of a New Product. However, if a Party desires to conduct Clinical Development with respect to a New Product and at such time, the other Party is Commercializing the Special Product corresponding to such Clinical Development, then the Party planning such Clinical Development shall submit to the other Party a copy of the plan for such Clinical Development.

## ARTICLE VI COMMERCIALIZATION MATTERS

### Section 6.01 Abbott Territory.

(a) Responsibility for Commercialization in Abbott Territory. Subject to the terms and conditions of any applicable In-Licensed Intellectual Property Agreement, Abbott shall:

- (i) be solely responsible, at its own cost and expense, for Commercializing Special Products in the Abbott Territory;

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(ii) have the sole right to establish and modify conditions of sale of Special Products in the Abbott Territory, including the price or prices at which the Special Products in the Abbott Territory shall be sold, any discount applicable to payments or receivables, and similar matters;

- (iii) invoice and book all sales of Special Products in the Abbott Territory; and

(iv) be exclusively responsible for accepting and filling purchase orders, billing, and returns with respect to Special Products in the Abbott Territory. If AbbVie receives an order for Special Products for the Abbott Territory, it shall promptly transmit such order to Abbott.

(b) No Sales by Abbott Outside Abbott Territory. Abbott shall not engage in advertising specifically targeted outside the Abbott Territory for Special Products and Abbott shall not, directly or indirectly, Commercialize, or cause to be Commercialized, Special Products outside of the Abbott Territory, including through distributors, sub-distributors, sales representatives or otherwise or by assisting Third Parties to Commercialize Special Products outside of the Abbott Territory. Abbott shall promptly advise AbbVie of any knowledge it has of Special Products intended for sale in the Abbott Territory being transported out of the Abbott Territory.

(c) No Sales for Distribution into AbbVie Territory. To the extent not prohibited by applicable Law, Abbott shall ensure that its employees, contractors or agents do not, directly or indirectly Commercialize any Special Products to any Third Party in circumstances where there is reasonable reason to believe that such Special Products shall be distributed or redistributed within the AbbVie Territory. If Abbott receives notice from AbbVie that any Third Party is violating any terms of this Section 6.01(c), Abbott shall promptly take such steps or initiate Proceedings as may be commercially reasonable to stop such distribution or redistribution, including, to the extent not prohibited by applicable Law, terminating sales of all Special Products to any such Third Party.

(d) Use of Third Parties. Subject to the terms and conditions of any applicable In-Licensed Intellectual Property Agreement and the licenses granted herein, Abbott shall be free to utilize Third Parties to Commercialize Special Products in the Abbott Territory.

### Section 6.02 AbbVie Territory.

(a) Responsibility for Commercialization in AbbVie Territory. Subject to the terms and conditions of any applicable In-Licensed Intellectual Property Agreement, AbbVie shall:

- (i) be solely responsible, at its own cost and expense, for Commercializing Special Products in the AbbVie Territory;

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(ii) have the sole right to establish and modify conditions of sale of Special Products in the AbbVie Territory, including the price or prices at which the Special Products in the AbbVie Territory shall be sold, any discount applicable to payments or receivables, and similar matters;

(iii) invoice and book all sales of Special Products in the AbbVie Territory; and

(iv) be exclusively responsible for accepting and filling purchase orders, billing, and returns with respect to Special Products in the AbbVie Territory. If Abbott receives an order for Special Products for the AbbVie Territory, it shall promptly transmit such order to AbbVie.

(b) *No Sales by AbbVie Outside AbbVie Territory.* AbbVie shall not engage in advertising specifically targeted outside the AbbVie Territory Special Products and AbbVie shall not, directly or indirectly, Commercialize, or cause to be Commercialized, Special Products outside of the AbbVie Territory, including through distributors, sub-distributors, sales representatives or otherwise or by assisting Third Parties to Commercialize Special Products outside of the AbbVie Territory. AbbVie shall promptly advise Abbott of any knowledge it has of Special Products intended for sale in the AbbVie Territory being transported out of the AbbVie Territory.

(c) *No Sales for Distribution into Abbott Territory.* To the extent not prohibited by applicable Law, AbbVie shall ensure that its employees, contractors or agents do not, directly or indirectly Commercialize any Special Products to any Third Party in circumstances where there is reasonable reason to believe that such Special Products shall be distributed or redistributed within the Abbott Territory. If AbbVie receives notice from Abbott that any Third Party is violating any terms of this [Section 6.02\(c\)](#), AbbVie shall promptly take such steps or initiate Proceedings as may be commercially reasonable to stop such distribution or redistribution, including, to the extent not prohibited by applicable Law, terminating sales of all Special Products to any such Third Party.

(d) *Use of Third Parties.* Subject to the terms and conditions of any applicable In-Licensed Intellectual Property Agreement and the licenses granted herein, AbbVie shall be free to utilize Third Parties to Commercialize Special Products in the AbbVie Territory.

**Section 6.03 Compassionate Use.** With respect to (a) requests from patients participating as of the Effective Time in a Compassionate Use Program and (b) requests, after the Effective Time, from patients with approvals from the appropriate Governmental Authorities seeking to participate in a Compassionate Use Program that reside in a jurisdiction that does not have a Regulatory Approval for such Special Product and which jurisdiction requires that such product be provided pursuant to a U.S. Regulatory Approval:

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(i) Abbott shall refer all requests from patients described in [Section 6.03\(b\)](#) to AbbVie;

(ii) AbbVie shall be solely responsible, at its own cost and expense, for supplying Special Products for Compassionate Use Programs to patients described in [Section 6.03\(a\)](#); and

(iii) AbbVie shall only be obligated to supply Special Products for Compassionate Use Programs to patients described in [Section 6.03\(b\)](#) if, and to the extent, AbbVie elects, at its sole discretion, to provide such Special Products.

**Section 6.04 Domain Names.** The Parties acknowledge and agree that after the Effective Time, the Parties shall negotiate in good faith a process under which they shall share certain domain names for Special Products. As part of these negotiations, the Parties shall consider parameters for the creation, implementation, maintenance and protection of such domain names. The Parties anticipate that these negotiations shall result in either written procedures or a separate domain name use agreement reflecting the Parties' mutual understanding.

## ARTICLE VII MANUFACTURING MATTERS

**Section 7.01 Supply.** In accordance with and subject to the terms of a manufacturing agreement, the Parties shall agree upon which Party shall be responsible for the manufacture of each Special Product (in each case, the "Manufacturing Party"); provided that supply may be from one Party, or the other Party, or both Parties, depending on the supply chain for each Special Product or formulation thereof, and may span more than one manufacturing agreement. During the term of a manufacturing agreement, the non-Manufacturing Party shall purchase the Special Product from the Manufacturing Party and the Manufacturing Party shall manufacture and supply the Special Product to the non-Manufacturing Party in accordance with this [Article VII](#) and the more detailed terms of the particular manufacturing agreement.

**Section 7.02 Cooperation.** Abbott and AbbVie shall each reasonably and in good faith cooperate with the other to resolve any operational issues (e.g., issues related to forecasting, ordering, batch review, acceptance and rejection of Special Products, and allocation of supply) that arise with respect to the manufacture of Special Products supplied pursuant to a manufacturing agreement.

## ARTICLE VIII REGULATORY MATTERS

**Section 8.01 Ownership of Regulatory Approvals.** All Regulatory Documentation for the Special Products to be Commercialized in the Abbott Territory shall be filed in the name of and owned by Abbott, an Abbott Subsidiary or their respective designees. All Regulatory Documentation for the Special Products to be Commercialized in the AbbVie Territory shall be

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filed in the name of and owned by AbbVie, an AbbVie Subsidiary or their respective designees. In the event a Party seeks to withdraw a Regulatory Approval of a Special Product in its territory, such Party shall so notify the other Party in writing not less than ninety (90) days prior to seeking such withdrawal and shall discuss in good faith and endeavor to agree to a mitigation strategy regarding the negative impact, if any, such withdrawal is reasonably likely to have on such other Party's business with respect to such Special Product.

**Section 8.02 Allocation of Regulatory Responsibilities.** The Parties agree to the following allocation of responsibilities with respect to regulatory matters related to the Special Products:

(a) *Interactions with Governmental Authorities.* Except as set forth in any Special Products Ancillary Agreement or In-Licensed Intellectual Property Agreement and subject to the provisions of [Section 8.03](#), each Party shall be responsible for interfacing, corresponding and meeting with Governmental Authorities with respect to all issues primarily related to the Special Products in its territory (each, respectively, the "Interacting Party"). When engaging in such actions, the Interacting Party shall use commercially reasonable efforts to maintain obligations of confidentiality of the other Party with respect to information relating to the Special Products. The Interacting Party shall provide the other Party in a timely manner with written meeting minutes or a summary of significant meetings with any Governmental Authority in any of the Major Jurisdictions with respect to a Special Product. Subject to the provisions of [Section 8.03](#), the other Party shall not, without the prior written consent (which consent shall not be unreasonably withheld or delayed) of the Interacting Party or unless so required by Law (and then only pursuant to the terms of this [Section 8.02\(a\)](#)), correspond or communicate with any Governmental Authority in the Interacting Party's territory concerning a Special Product. If the other Party is advised by its legal counsel that it is required by Law to communicate with any such Governmental Authority, then the other Party shall so advise the Interacting Party in writing as soon as practicable and, unless the Law prohibits, provide the Interacting Party, to the extent practicable, in advance with a copy of any proposed written communication with such Governmental Authority and reasonably comply with any and all reasonable direction of the Interacting Party concerning any meeting or written or oral communication with such Governmental Authority in the Interacting Party's territory concerning a Special Product.

(b) *Submissions to Governmental Authorities.* Except as set forth in a Special Products Ancillary Agreement or In-Licensed Intellectual Property Agreement and subject to the provisions of [Section 8.03](#), the Interacting Party shall be responsible for (i) preparing and submitting to the applicable Governmental Authority (A) all annual and other periodic updates to the Regulatory Approvals for the Special Products that are required in its territory and (B) all supplements and amendments to any Regulatory Approvals with respect to Special Products in its territory (collectively and individually the items set forth in (A) and (B) above shall be referred to as "Regulatory Submission"), and (ii) taking all other actions that are necessary to maintain the Regulatory Approvals for the Special Products in its territory in accordance with

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applicable Laws. In the event Governmental Authorities require that a single, common Regulatory Submission be submitted in both the Abbott Territory and the AbbVie Territory, the Parties shall discuss and determine the proper allocation of responsibilities with respect to preparing such Regulatory Submissions.

(c) *Support of Regulatory Submissions.* Upon request, the other Party shall provide in a timely manner data (other than Clinical Development Data) it holds regarding Regulatory Approvals in its territory that may be required by the Interacting Party to prepare and submit Regulatory Submissions in the Interacting Party's territory. With respect to Clinical Development Data, each Party shall provide in a timely manner to the other Party all Clinical Development Data it holds regarding Regulatory Approvals in its territory for Special Products. However, with respect to all data described in this [Section 8.02\(c\)](#) that relates to Development of a Special Product initiated after the Effective Time, unless the Interacting Party has obtained rights pursuant to [Section 5.02\(e\)](#) to the data that is generated from such Development, the Interacting Party may not use the data provided by other Party under this [Section 8.02\(c\)](#) for purposes of expanding its labeling or obtaining additional approvals for the applicable Special Product. All data provided by other Party under this [Section 8.02\(c\)](#) shall be provided "as-is", without additional formatting or analysis. Further, if requested, the Party providing such data shall provide uncertified translations of documents received from a Governmental Authority (e.g., deficiency letters) that are not written in English. The cost of such translations shall be borne by the providing Party if the requested data is required by a Governmental Authority and by the requesting Party in all other circumstances.

Section 8.03 Sharing of Correspondence with Governmental Authorities. Each Party shall promptly provide to the other copies of any documents or correspondence received from a Governmental Authority pertaining to a Special Product (including any meeting minutes) to the extent such documents and correspondence have a reasonable potential to impact the labeling, or to materially impact the Commercialization of a Special Product in the other Party's territory.

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Section 8.04 Pharmacovigilance and Medical Inquiries.

(a) *Pharmacovigilance.* Each Party agrees to share relevant information it receives (either directly or indirectly) with the other Party in a timely manner so as to allow the responsible Party to comply with its responsibility to process pharmacovigilance information. Pursuant to the terms of a safety data exchange agreement, the maintaining Party shall provide the other Party access to such data for each Special Product.

(b) *Medical Inquiries.* AbbVie shall be ultimately responsible for handling all medical questions or inquiries in the AbbVie Territory with regard to the Special Products. Abbott shall forward all medical questions or inquiries made to Abbott from members of the medical and paramedical professions and consumers regarding the Special Products in the AbbVie Territory in accordance with a safety data exchange agreement. Abbott shall be ultimately responsible for handling all medical questions or inquiries in the Abbott Territory with regard to the Special Products. AbbVie shall forward all medical questions or inquiries made to AbbVie from members of the medical and paramedical professions and consumers regarding the Special Products in the Abbott Territory in accordance with a safety data exchange agreement.

Section 8.05 Labeling Changes. In the event either Party seeks to change a core label and/or core package insert (e.g., the CCDS, MasterSmPC, core PIL, US PI or its equivalent) for a Special Product due to safety or efficacy concerns, the Party seeking to make the change shall notify the other Party and provide the other Party with applicable data for its review and evaluation within thirty (30) days of compiling such data. The Parties may discuss in good faith and endeavor to agree upon all proposed significant safety or efficacy changes to the labeling and/or package inserts for Special Products in Major Jurisdictions. Each Party agrees to consider all comments of the other in good faith. Notwithstanding any good faith discussions, Abbott shall have the right to file for such labeling change as it reasonably deems appropriate in the Abbott Territory and AbbVie shall have the right to file for such labeling change as it reasonably deems appropriate in the AbbVie Territory, as applicable.

Section 8.06 Notification or Information. Each Party shall promptly inform the other Party of any notification of any action by, or notification or other information which it receives (directly or indirectly) from, any Governmental Authority in the AbbVie Territory or Abbott Territory or from any other Person (together with copies of correspondence related thereto), which (a) raises any material concerns regarding the safety or efficacy of any Special Product, (b) indicates or suggests a potential material Liability for either Party to any Third Party arising in connection with any Special Product, or (c) indicates a reasonable potential for a Recall of any Special Product; provided, however, that neither Party shall be obliged to disclose information in breach of any contractual restriction which it could not reasonably have avoided. Information that shall be disclosed pursuant to this Section 8.06 (to the extent such information otherwise satisfies the requirements set forth in the preceding sentence) shall include: (i)

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receipt of a warning letter, untitled letter or any other related Governmental Authority action relating to any Special Product and any responses related thereto; and (ii) an initiation of any Governmental Authority Proceeding, detention, seizure or injunction concerning any Special Product.

Section 8.07 Recalls.

(a) *Notification.* Each Party shall within one (1) business day notify the other Party in writing if it determines that any event, incident or circumstance has occurred which may result in the need for a recall, market withdrawal or field alert (each, a "Recall") with respect to a Special Product.

(b) *Recalls in the Respective Territories.* Each Party shall determine whether to implement a Recall of a Special Product in its territory and upon what terms and conditions the Special Product shall be subject to a Recall; provided, however, that, prior to any implementation of a Recall of a Special Product in its territory, to the extent practicable, the Party conducting the Recall shall consult with the other Party and consider in good faith any comments such Party may have with respect to such implementation. Each Party shall be responsible for discussions with any Governmental Authority in its territory regarding all aspects of a Recall.

(c) *Costs and Expenses of Recalls.* All costs and expenses associated with implementing any Recall of a Special Product shall be allocated between Abbott and AbbVie as follows:

(i) In the event, and to the extent, that the Recall arises out of (A) the negligence or willful misconduct of AbbVie, or (B) a material breach of this Agreement or the applicable manufacturing Agreement by AbbVie, AbbVie shall bear the costs and expenses for the Recall (including any out-of-pocket expenses reasonably incurred by Abbott in conducting such Recall), up to one hundred percent (100%) thereof.

(ii) In the event, and to the extent, that the Recall arises out of (A) the negligence or willful misconduct of Abbott, or (B) a material breach of this Agreement or the applicable manufacturing agreement by Abbott, Abbott shall bear the costs and expenses for the Recall (including any out-of-pocket expenses reasonably incurred by AbbVie in conducting such Recall), up to one hundred percent (100%) thereof.

(iii) In the event, and to the extent, that the Recall arises out of any event other than those set forth in Section 8.07(c)(i) or Section 8.07(c)(ii), Abbott shall bear the costs and expenses for the Recall in the Abbott Territory and AbbVie shall bear the costs and expenses for the Recall in the AbbVie Territory.

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ARTICLE IX  
INDEMNIFICATION

Section 9.01 Indemnification by AbbVie. Except as otherwise specifically set forth in any provision of this Agreement or of any Special Products Ancillary Agreement, AbbVie and each of the AbbVie Subsidiaries shall, to the fullest extent permitted by Law, indemnify, defend and hold harmless each of the Abbott Indemnitees from and against all AbbVie Indemnity Obligations, except to the extent any such Liability is the result of a breach by Abbott or an Abbott Subsidiary of this Agreement or any Special Products Ancillary Agreement or the negligence or willful misconduct or omission by Abbott or an Abbott Subsidiary under this Agreement or any Special Products Ancillary Agreement; provided, however, that the indemnity in this Section 9.01 for AbbVie Special Products Liabilities shall not extend to a former director, officer, employee or agent of AbbVie or an AbbVie Subsidiary to the extent such Person would not be eligible for indemnification under the terms of (i) Abbott's certificate of incorporation or bylaws in connection with the matter for which indemnification is sought due to action or inaction by such Person in connection with such matter; or (ii) the directors' and officers' insurance policy of Abbott would not cover such Person in connection with the matter for which indemnification is sought due to action or inaction by such Person in connection with such matter.

Section 9.02 Indemnification by Abbott. Except as otherwise specifically set forth in any provision of this Agreement or of any Special Products Ancillary Agreement, Abbott and each of the Abbott Subsidiaries shall, to the fullest extent permitted by Law, indemnify, defend and hold harmless each of the AbbVie Indemnitees from and against all Abbott Indemnity Obligations, except to the extent any such Liability is the result of a breach by AbbVie or an AbbVie Subsidiary of this Agreement or any Special Products Ancillary Agreement or the negligence or willful misconduct or omission by AbbVie or an AbbVie Subsidiary under this Agreement or any Special Products Ancillary Agreement; provided, however, that the indemnity in this Section 9.02 for Abbott Special Products Liabilities shall not extend to a former director, officer, employee or agent of Abbott or an Abbott Subsidiary to the extent such Person would not be eligible for indemnification under the terms of (i) AbbVie's certificate of incorporation or bylaws in connection with the matter for which indemnification is sought due to action or inaction by such Person in connection with such matter; or (ii) the directors' and officers' insurance policy of AbbVie would not cover such Person in connection with the matter for which indemnification is sought due to action or inaction by such Person in connection with such matter.

Section 9.03 Indemnification Obligations Net of Insurance Proceeds and Other Amounts.

(a) *Insurance Proceeds and Other Amounts.* The Parties intend that any Liability subject to indemnification or contribution pursuant to this Agreement or any Special Products Ancillary Agreement: (i) shall be reduced by any Insurance Proceeds or other amounts actually recovered (net of any out-of-pocket costs or expenses incurred in the collection thereof) from any Person by or on behalf of the Indemnitee in respect of any indemnifiable Liability; (ii) shall not be increased to take into account any Tax costs incurred by the

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Indemnitee arising from any Indemnity Payments received from the Indemnifying Party (as defined below); and (iii) shall not be reduced to take into account any Tax benefit received by the Indemnitee arising from the incurrence or payment of any Indemnity Payment; provided that Section 9.03(a)(ii) and Section 9.03(a)(iii) shall not apply to Indemnity Payments made pursuant to the Tax Sharing Agreement. Accordingly, the amount which either Party against whom a claim is made for indemnification under this Agreement (an "Indemnifying Party") is required to pay to any Indemnitee shall be reduced by any Insurance Proceeds or any other amounts theretofore actually recovered (net of any out-of-pocket costs or expenses incurred in the collection thereof) by or on behalf of the Indemnitee in respect of the related Liability. If an Indemnitee receives a payment required by this Agreement from an Indemnifying Party in respect of any Liability (an "Indemnity Payment") and subsequently receives Insurance Proceeds or any other amounts in respect of the related Liability, then the Indemnitee shall pay to the Indemnifying Party an amount equal to the excess of the Indemnity Payment received over the amount of the Indemnity



Payment that would have been due if the Insurance Proceeds or such other amounts (net of any out-of-pocket costs or expenses incurred in the collection thereof) had been received, realized or recovered before the Indemnity Payment was made.

(b) *Insurers and Other Third Parties Not Relieved.* The Parties hereby agree that an insurer or other Third Party that would otherwise be obligated to pay any amount shall not be relieved of the responsibility with respect thereto or have any subrogation rights with respect thereto by virtue of any provision contained in this Agreement or any Special Products Ancillary Agreement, and that no insurer or any other Third Party shall be entitled to a “windfall” (e.g., a benefit they would not be entitled to receive in the absence of the indemnification or release provisions) by virtue of any provision contained in this Agreement or any Special Products Ancillary Agreement. Each Party shall, and shall cause its Subsidiaries to, use commercially reasonable efforts to collect or recover, or allow the Indemnifying Party to collect or recover, any Insurance Proceeds that may be collectible or recoverable respecting the Liabilities for which indemnification may be available under this [Article IX](#). Notwithstanding the foregoing, an Indemnifying Party may not delay making any indemnification payment required under the terms of this Agreement, or otherwise satisfying any indemnification obligation, pending the outcome of any Proceeding to collect or recover Insurance Proceeds, and an Indemnitee need not attempt to collect any Insurance Proceeds prior to making a claim for indemnification or receiving any Indemnity Payment otherwise owed to it under this Agreement or any Special Products Ancillary Agreement.

Section 9.04 Procedures for Indemnification of Third Party Claims.

(a) *Notice of Claims.* If, at or following the date of this Agreement, an Indemnitee receives notice or otherwise learns of the assertion or commencement by a Third Party of any Proceeding against the Indemnitee with respect to which the Indemnitee believes that AbbVie (in the case of an Abbott Indemnitee) or Abbott (in the case of an AbbVie Indemnitee) is obligated to provide indemnification to such Indemnitee pursuant to this

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Agreement or any Special Products Ancillary Agreement (collectively, a “[Third Party Claim](#)”), such Indemnitee shall give such Indemnifying Party Notice thereof within ten (10) days (or sooner if the nature of the Third Party Claim so requires) after becoming aware of such Third Party Claim. The Notice must describe the Third Party Claim in reasonable detail or, in the alternative, include copies of all notices and documents (including court papers) received by the Indemnitee relating to the Third Party Claim. Notwithstanding the foregoing, the failure of any Indemnitee to give the Notice as provided in this [Section 9.04\(a\)](#) shall not relieve the related Indemnifying Party of its obligations under this [Article IX](#), except to the extent that such Indemnifying Party is actually prejudiced by such failure to give the Notice in accordance with this [Section 9.04\(a\)](#).

(b) *Control of Defense.* An Indemnifying Party may elect to defend (and seek to settle or compromise), at its own expense and with its own counsel, any Third Party Claim. Within thirty (30) days after the receipt of a Notice from an Indemnitee in accordance with [Section 9.04\(a\)](#) (or sooner, if the nature of the Third Party Claim so requires), the Indemnifying Party shall provide a Notice to the Indemnitee indicating whether the Indemnifying Party shall assume responsibility for defending the Third Party Claim and specifying any reservations or exceptions to its defense. If an Indemnifying Party elects not to assume responsibility for defending any Third Party Claim or fails to notify an Indemnitee of its election within thirty (30) days after receipt of a Notice from an Indemnitee as provided in [Section 9.04\(a\)](#), then the Indemnitee that is the subject of such Third Party Claim shall be entitled to continue to conduct and control the defense of such Third Party Claim.

(c) *Allocation of Defense Costs.* If an Indemnifying Party has elected to assume the defense of a Third Party Claim, whether with or without any reservations or exceptions with respect to such defense, then such Indemnifying Party shall be solely liable for all fees and expenses incurred by it in connection with the defense of such Third Party Claim and shall not be entitled to seek any indemnification or reimbursement from the Indemnitee for any such fees or expenses incurred during the course of its defense of such Third Party Claim, regardless of any subsequent decision by the Indemnifying Party to reject or otherwise abandon its assumption of such defense. If an Indemnifying Party elects not to assume responsibility for defending any Third Party Claim or fails to notify an Indemnitee of its election within thirty (30) days after receipt of a Notice from an Indemnitee as provided in [Section 9.04\(a\)](#), and the Indemnitee conducts and controls the defense of such Third Party Claim, then the Indemnifying Party shall be liable for all reasonable fees and expenses incurred by the Indemnitee in connection with the defense of such Third Party Claim.

(d) *Right to Monitor and Participate.* An Indemnitee that does not conduct and control the defense of any Third Party Claim, or an Indemnifying Party that has failed to elect to defend any Third Party Claim as contemplated hereby, nevertheless shall have the right to employ separate counsel (including local counsel as necessary) of its own choosing to monitor and participate in (but not control) the defense of any Third Party Claim for which it is a potential Indemnitee or Indemnifying Party, but the fees and expenses of such counsel shall

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be at the expense of such Indemnitee or Indemnifying Party, as the case may be, and the provisions of [Section 9.04\(c\)](#) shall not apply to such fees and expenses. Notwithstanding the foregoing, such Party shall cooperate with the Party entitled to conduct and control the defense of such Third Party Claim in such defense and make available to the controlling Party, at the non-controlling Party’s expense, all witnesses, information and materials in such Party’s possession or under such Party’s control relating thereto as are reasonably required by the controlling Party. In addition to the foregoing, if any Indemnitee shall in good faith determine that such Indemnitee and the Indemnifying Party have actual or potential differing defenses or conflicts of interest between them that make joint representation inappropriate, then the Indemnitee shall have the right to employ separate counsel (including local counsel as necessary) and to participate in (but not control) the defense, compromise, or settlement thereof, and the Indemnifying Party shall bear the reasonable fees and expenses of such counsel for all Indemnitees.

(e) *No Settlement.* Neither Party may settle or compromise any Third Party Claim for which either Party is seeking to be indemnified hereunder without the prior written consent of the other Party, which consent may not be unreasonably withheld; unless such settlement or compromise is solely for monetary damages, does not involve any finding or determination of wrongdoing or violation of Law by the other Party and provides for a full, unconditional and irrevocable release of the other Party from all Liability in connection with the Third Party Claim. The Parties hereby agree that if a Party presents the other Party with a Notice containing a proposal to settle or compromise a Third Party Claim for which either Party is seeking to be indemnified hereunder and the Party receiving such proposal does not respond in any manner to the Party presenting such proposal within thirty (30) days (or within any such shorter time period that may be required by applicable Law or court order) of receipt of such proposal, then the Party receiving such proposal shall be deemed to have consented to the terms of such proposal.

(f) *Pending Third Party Claims.* The provisions of this [Article IX](#) shall apply to Third Party Claims that are already pending or asserted as well as Third Party Claims brought or asserted after the date of this Agreement. There shall be no requirement under this [Section 9.04](#) to give a Notice with respect to any Third Party Claims that exist as of the Effective Time.

(g) *Allocation of Proceeding Liabilities.* The Parties acknowledge that Liabilities for Proceedings (regardless of the parties to the applicable Proceeding) may be partly Abbott Liabilities and partly AbbVie Liabilities. If the Parties cannot agree on an allocation of any such Liabilities for Proceedings, they shall resolve the matter pursuant to the procedures set forth in [Article XI](#). Neither Party shall, nor shall either Party permit its Subsidiaries to, file Third Party claims or cross-claims against the other Party or its Subsidiaries in a Proceeding in which a Third Party Claim is being resolved.

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Section 9.05 Additional Matters.

(a) *Timing of Payments.* Indemnity Payments or contribution payments in respect of any Liabilities for which an Indemnitee is entitled to indemnification or contribution under this [Article IX](#) shall be paid reasonably promptly (but in any event within sixty (60) days of the final determination of the amount that the Indemnitee is entitled to indemnification or contribution under this [Article IX](#)) by the Indemnifying Party to the Indemnitee as such Liabilities are incurred upon demand by the Indemnitee, including reasonably satisfactory documentation setting forth the basis for the amount of such Indemnity Payments or contribution payments, including documentation with respect to calculations made and consideration of any Insurance Proceeds that actually reduce the amount of such Liabilities. The indemnity and contribution provisions contained in this [Article IX](#) shall remain operative and in full force and effect, regardless of (i) any investigation made by or on behalf of any Indemnitee; and (ii) the knowledge by the Indemnitee of Liabilities for which it might be entitled to indemnification or contribution hereunder.

(b) *Notice of Direct Claims.* Any claim for indemnification under this Agreement or any Special Products Ancillary Agreement which does not result from a Third Party Claim (a “[Direct Claim](#)”) must be asserted by a Notice given by the Indemnitee to the applicable Indemnifying Party; provided, that the failure by an Indemnitee to so assert any such Direct Claim shall not prejudice the ability of the Indemnitee to do so at a later time except to the extent (if any) that the Indemnifying Party is prejudiced thereby. Such Indemnifying Party shall have a period of thirty (30) days after the receipt of such Notice within which to respond thereto. If such Indemnifying Party does not respond within such thirty (30)-day period, such Direct Claim specified in such Notice shall be conclusively deemed a Liability of the Indemnifying Party under this [Section 9.05\(b\)](#) or, in the case of any Notice in which the amount of the Direct Claim (or any portion thereof) is estimated, on such later date, when the amount of such Direct Claim (or such portion thereof) becomes finally determined. If such Indemnifying Party does not respond within such thirty (30)-day period or rejects such Direct Claim in whole or in part, such Indemnitee shall be free to pursue such remedies as may be available to such Indemnitee as contemplated by this Agreement or the Special Products Ancillary Agreements, as applicable, without prejudice to its continuing rights to pursue indemnification or contribution hereunder.

(c) *Subrogation.* In the event of payment by or on behalf of any Indemnifying Party to any Indemnitee in connection with any Third Party Claim, such Indemnifying Party shall be subrogated to and shall stand in the place of such Indemnitee as to any events or circumstances in respect of which such Indemnitee may have any right, defense or claim relating to such Third Party Claim against any claimant or plaintiff asserting such Third Party Claim or against any other Person. Such Indemnitee shall cooperate with such Indemnifying Party in a reasonable manner, and at the cost and expense of such Indemnifying Party, in prosecuting any subrogated right, defense or claim.

(d) *Pursuit of Claims Against Third Parties.* If (i) a Party incurs any Liability arising out of this Agreement or any Special Products Ancillary Agreement; (ii) an adequate

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legal or equitable remedy is not available for any reason against the other Party to satisfy the Liability incurred by the incurring Party; and (iii) a legal or equitable remedy may be available to the other Party against a Third Party for such Liability, then the other Party shall use its commercially reasonable efforts to cooperate with the incurring Party, at the incurring Party's expense, to permit the incurring Party to obtain the benefits of such legal or equitable remedy against the Third Party.

(e) *Substitution.* In any Proceeding in which the Indemnifying Party is not a named defendant, if either the Indemnitee or Indemnifying Party shall so request, the Parties shall endeavor to substitute the Indemnifying Party for the named defendant if they conclude that substitution is desirable and practicable. If such substitution or addition cannot be achieved for any reason or is not requested, the named defendant shall allow the Indemnifying Party to manage the Proceeding as set forth in [Section 9.04](#) and this [Section 9.05](#), and the Indemnifying Party shall fully indemnify the named defendant against all costs of defending the Proceeding (including court costs, sanctions imposed by a court, attorneys' fees, experts fees and all other external expenses), the costs of any judgment or settlement, and the cost of any interest or penalties relating to any judgment or settlement.

Section 9.06 Right of Contribution.

(a) *Contribution.* If any right of indemnification contained in [Section 9.01](#) or [Section 9.02](#) is held unenforceable or is unavailable for any reason, or is insufficient, to hold harmless an Indemnitee in respect of any Liability for which such Indemnitee is entitled to indemnification hereunder, then the Indemnifying Party shall contribute to the amounts paid or payable by the Indemnitees as a result of such Liability (or actions in respect thereof) in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party and its Subsidiaries, on the one hand, and the Indemnitees entitled to contribution, on the other hand, as well as any other relevant equitable considerations.

(b) *Contribution Procedures.* The provisions of [Section 9.03](#) through [Section 9.05](#) shall govern any contribution claims.

Section 9.07 Remedies Cumulative. The remedies provided in this [Article IX](#) shall be cumulative and, subject to the provisions of [Section 9.09](#) and [Section 11.01](#), shall not preclude assertion by any Indemnitee of any other rights or the seeking of any and all other remedies against any Indemnifying Party.

Section 9.08 Survival of Indemnities. The rights and obligations of each of the Parties and their respective Indemnitees under this [Article IX](#) shall survive (a) the sale or other transfer by either Party or any of its respective Subsidiaries of any Assets or businesses or the assignment by it of any Liabilities; or (b) any merger, consolidation, business combination, sale of all or substantially all of the Assets, restructuring, recapitalization, reorganization or similar transaction involving either Party or any of its respective Subsidiaries.

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Section 9.09 Covenant Not to Sue. Each Party hereby covenants and agrees that none of it, its Subsidiaries or any Person claiming through it shall bring suit or otherwise assert any claim against any Indemnitee, or assert a defense against any claim asserted by any Indemnitee, before any court, arbitrator, neutral mediator or administrative agency anywhere in the world, alleging that: (a) the assumption of any AbbVie Special Products Liabilities by AbbVie and the AbbVie Subsidiaries on the terms and conditions set forth in this Agreement and the Special Products Ancillary Agreements is void or unenforceable for any reason; (b) the retention of any Abbott Special Products Liabilities by Abbott and the Abbott Subsidiaries on the terms and conditions set forth in this Agreement and the Special Products Ancillary Agreements is void or unenforceable for any reason; or (c) the provisions of this [Article IX](#) are void or unenforceable for any reason.

ARTICLE X  
CONFIDENTIALITY

Section 10.01 Confidentiality.

(a) *Confidentiality.* Subject to [Section 10.02](#) and except as contemplated by or otherwise provided in this Agreement or any Special Products Ancillary Agreement, Abbott, on behalf of itself and each of the Abbott Subsidiaries, and AbbVie, on behalf of itself and each of the AbbVie Subsidiaries, agrees to hold, and to cause its respective directors, officers, employees, agents, accountants, counsel and other advisors and representatives (each, a "Representative") to hold, in strict confidence, with at least the same degree of care that applies to Abbott's confidential and proprietary information pursuant to policies in effect as of the Effective Time, all confidential and proprietary information, including Know-How, concerning the other Party (or its business) and the other Party's Subsidiaries (or their respective businesses) that is either in its possession (including confidential and proprietary information in its possession prior to the Effective Time) or furnished by the other Party or the other Party's Subsidiaries or their respective Representatives at any time pursuant to this Agreement or any Special Products Ancillary Agreement ("Confidential Information"), and shall not use any such Confidential Information other than for such purposes as may be expressly permitted hereunder or thereunder, except, in each case, to the extent that such Confidential Information has been: (i) in the public domain or generally available to the public, other than as a result of a disclosure by such Party or any of its Subsidiaries or any of their respective Representatives in violation of this Agreement; provided, however, that any such disclosure shall not be deemed to be in the public domain or generally available to the public merely because it is embraced by more general information in the public domain or generally available to the public; (ii) later lawfully acquired from other sources by such Party or any of its Subsidiaries, which sources are not themselves bound by a confidentiality obligation or other contractual, legal or fiduciary obligation of confidentiality with respect to such confidential and proprietary information; or (iii) independently developed or generated without reference to or use of the respective proprietary or confidential information of the other Party or any of its Subsidiaries. If any Confidential Information of one Party or any of its Subsidiaries is disclosed to another Party or any of its Subsidiaries in connection with providing services to such first

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Party or any of its Subsidiaries under this Agreement or any Special Products Ancillary Agreement, then such disclosed Confidential Information shall be used only as required to perform such services.

(b) *No Release; Return or Destruction.* Each Party agrees not to release or disclose, or permit to be released or disclosed, any Confidential Information addressed in [Section 10.01\(a\)](#) to any other Person, except its Representatives who need to know such Confidential Information in their capacities as such, and except in compliance with [Section 10.02](#). Confidential Information furnished by the other Party after the Effective Time pursuant to this Agreement or any Special Products Ancillary Agreement shall be subject to the provisions of Section 6.03 of the Separation Agreement.

(c) *Third-Party Information; Privacy or Data Protection Laws.* Each Party acknowledges that it and its respective Subsidiaries may presently have and following the Effective Time may gain access to or possession of confidential or proprietary information of, or personal information relating to, Third Parties (i) that was received under confidentiality or non-disclosure agreements entered into between such Third Parties, on the one hand, and the other Party or the other Party's Subsidiaries, on the other hand, prior to the Effective Time; or (ii) that, as between the two Parties, was originally collected by the other Party or the other Party's Subsidiaries and that may be subject to and protected by privacy, data protection or other applicable Laws. As may be provided in more detail in any applicable Special Products Ancillary Agreement, each Party agrees that it shall hold, protect and use, and shall cause its Subsidiaries and its and their respective Representatives to hold, protect and use, in strict confidence the confidential and proprietary information of, or personal information relating to, Third Parties in accordance with privacy, data protection or other applicable Laws and the terms of any agreements that were either entered into prior to the Effective Time or affirmative commitments or representations that were made prior to the Effective Time by, between or among the other Party or the other Party's Subsidiaries, on the one hand, and such Third Parties, on the other hand.

Section 10.02 Protective Arrangements. In the event that either Party or any of its Subsidiaries is requested or required (by oral question, interrogatories, requests for information or documents, subpoena, civil investigative demand or similar process) by any Governmental Authority or pursuant to applicable Law to disclose or provide any Confidential Information of the other Party, as applicable, that is subject to the confidentiality provisions hereof, such Party shall provide the other Party with Notice of such request or demand as promptly as practicable under the circumstances so that such other Party shall have an opportunity to seek an appropriate protective order, at such other Party's cost and expense. In the event that such other Party fails to receive such appropriate protective order in a timely manner and the Party receiving the request or demand reasonably determines that its failure to disclose or provide such Confidential Information shall actually prejudice the Party receiving the request or demand, then the Party that received such request or demand may thereafter disclose or

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provide Confidential Information to the extent required by such Law (as so advised by counsel) or by lawful process or such Governmental Authority.

Section 10.03 Other Permitted Disclosures. Each Party may disclose the other Party's Confidential Information to the extent that such disclosure is:

(a) made by or on behalf of the Party making a disclosure to the Regulatory Authorities as required in connection with any filing, application or request for Regulatory Approval in accordance with the terms of this Agreement; provided, however, that reasonable measures shall be taken to assure confidential treatment of such Confidential Information to the extent practicable and consistent with applicable Law;

(b) made by or on behalf of the Party making a disclosure to a patent authority as may be reasonably necessary or useful for purposes of obtaining, defending or enforcing a Patent in accordance with the terms of this Agreement; provided, however, that reasonable measures shall be taken to assure confidential treatment of such Confidential Information, to the extent such protection is available;

(c) made by the Party making the disclosure to its and its Subsidiaries' financial and legal advisors who have a need to know such disclosing Party's Confidential Information and are either under professional codes of conduct giving rise to expectations of confidentiality and non-use or under written agreements of confidentiality and non-use, in each case, at least as restrictive as those set forth in this

Agreement; provided that the Party making the disclosure under this Section 10.03(c) shall remain responsible for any failure by such financial and legal advisors, to treat such Confidential Information as required under this Article X;

(d) made by the Party (or its Subsidiaries) making the disclosure to potential or actual investors or acquirers as may be necessary in connection with their evaluation of such potential or actual investment or acquisition; provided, however, that such Third Parties shall be subject to obligations of confidentiality and non-use with respect to such Confidential Information substantially similar to the obligations of confidentiality and non-use of the Party pursuant to this Article X (with a duration of confidentiality and non-use obligations as appropriate that is no less than ten (10) years from the date of disclosure); or

(e) made by the Party (or its Subsidiaries or sublicensees) making the disclosure to its or their advisors, consultants, clinicians, vendors, service providers, contractors, existing or prospective collaboration partners, licensees, sublicensees, or other Third Parties as may be necessary or useful in connection with the performance of its obligations or exercise of its rights as contemplated by this Agreement; provided, however, that such Third Parties shall be subject to obligations of confidentiality and non-use with respect to such Confidential Information substantially similar to the obligations of confidentiality and non-use of the receiving Party pursuant to this Article (with a duration of confidentiality and non-

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use obligations as appropriate that is no less than five (5) years from the date of disclosure for advisors, consultants, clinicians, vendors, service providers, contractors).

## ARTICLE XI DISPUTE RESOLUTION

### Section 11.01 Disputes.

(a) Alternative Dispute Resolution Procedures. The Parties acknowledge that, from time to time after the Effective Time, a controversy, dispute or claim (a "Dispute") may arise relating to either Party's rights or obligations under this Agreement or any Special Products Ancillary Agreement. The Parties agree that any such Dispute (whether arising in contract, tort or otherwise) arising out of or relating in any way to this Agreement or any Special Products Ancillary Agreement (including regarding whether any Assets are AbbVie Assets, any Liabilities are AbbVie Liabilities or the interpretation or validity of this Agreement) shall be resolved by the dispute resolution process referred to in Schedule 7.01 of the Separation Agreement.

(i) Notice. Prior to initiating a dispute resolution proceeding, a Party first must send Notice to the other Party (A) describing the Dispute; and (B) requesting attempted resolution of the Dispute by good faith negotiations in accordance with Section 11.01(a)(ii).

(ii) Negotiations. The CEOs or Presidents of each Party shall designate a group of no more than three individuals (with representatives of each Party's respective counsel not counting against such three individuals limit), to participate in good faith negotiations with a like group designated by the other Party aimed at resolving the Dispute. The respective groups shall meet in person to conduct good faith negotiations during the twenty-one (21) day period following receipt of the Notice (such period, as it may be extended by mutual written consent, being the "Designees Discussion Period"). By mutual written consent, the Parties may extend the twenty-one (21) day period for conducting such negotiations. If the Parties fail to resolve the Dispute within the Designees Discussion Period, then the CEOs or Presidents of each Party shall review such Dispute, and shall conduct good faith negotiations with respect to such Dispute within fourteen (14) days following the end of the Designees Discussion Period. If the Dispute is not resolved, within fourteen (14) days after the end of the Designees Discussion Period, and the fourteen (14) day period is not extended by mutual written consent, either Party may initiate a dispute resolution proceeding as provided in Schedule 7.01 of the Separation Agreement.

(b) Continuation of Services and Commitments. Unless otherwise agreed in writing, the Parties shall, and shall cause their respective Subsidiaries to, continue to honor all commitments under this Agreement and each Special Products Ancillary Agreement to the extent required by such Agreements during the course of dispute resolution pursuant to the provisions of this Article XI with respect to all matters related to such Dispute.

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## ARTICLE XII TERM

Section 12.01 Term. This Agreement shall be effective as of the Effective Time and shall continue in full force and effect until terminated by an agreement in writing signed by a duly authorize officer of each of the Parties.

Section 12.02 Expiration. On a Special Product-by-Special Product basis, in the event a Party, including all sublicensees of such Party with respect to a Special Product, elects to discontinue all Commercialization activities for such Special Product, then the electing Party shall notify the other Party of such election. Upon receipt of the foregoing notice, subject to Section 12.03, (a) this Agreement shall expire with respect to the Special Product identified in such notice and (b) each Party's obligations hereunder shall expire with respect to such Special Product.

Section 12.03 Survival. Except as expressly set forth in this Agreement or any Special Products Ancillary Agreement, the licenses, covenants and other agreements contained in Section 2.01, Section 2.02, Section 2.03, Section 3.01, Section 3.02, Section 3.03, Section 3.04, Section 3.05, Section 4.02, Article IX, Article X, Article XI and Article XIII and Liability for the breach of any obligations contained herein or therein, shall survive the expiration of this Agreement with respect to such Special Product and shall remain in full force and effect thereafter. In addition, if the Party that is discontinuing Commercialization activities with respect to a Special Product (or its Subsidiaries) still Controls a Patent that is relevant to the continuing Party's Manufacture, Development, use or Commercialization activities with respect to such Special Product, then the covenants and other agreements contained in Article IV with respect to the preparation, filing, prosecution, maintenance and/or enforcement of such Patent shall survive the expiration of this Agreement until the expiration or invalidation of the last valid claim of such Patent covering such Special Product.

## ARTICLE XIII MISCELLANEOUS

### Section 13.01 Counterparts; Entire Agreement; Corporate Power; Facsimile Signatures.

(a) Counterparts. This Agreement and each Special Products Ancillary Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement.

(b) Entire Agreement. This Agreement, the Special Products Ancillary Agreements, if any, the Separation Agreement and the exhibits, schedules and annexes hereto and thereto contain the entire agreement between the Parties with respect to the subject matter hereof, supersede all previous agreements, negotiations, discussions, writings, understandings, commitments and conversations with respect to such subject matter and there are no agreements or understandings between the Parties other than those set forth or

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referred to herein or therein. Notwithstanding any other provisions in this Agreement to the contrary, in the event and to the extent that there is a conflict between the provisions of this Agreement and the provisions of the Separation Agreement, the provisions of this Agreement shall control with respect to Special Products. Further, in the event and to the extent there are any inconsistencies or conflicts between this Agreement and a Special Products Ancillary Agreement, if any, the terms of the particular Special Products Ancillary Agreement shall govern, unless otherwise agreed to in writing by the Parties; provided that, in the event there are any inconsistencies or conflicts between this Agreement, a Special Products Ancillary Agreement and an applicable In-Licensed Intellectual Property Agreement, the terms of the particular In-Licensed Intellectual Property Agreement shall govern.

(c) Corporate Power. Abbott represents on behalf of itself and, to the extent applicable, each Abbott Subsidiary and AbbVie represents on behalf of itself and, to the extent applicable, each AbbVie Subsidiary as follows:

(i) each such Person has the requisite corporate or other power and authority and has taken all corporate or other action necessary in order to execute, deliver and perform this Agreement and each Special Products Ancillary Agreement to which it is a party and to consummate the transactions contemplated hereby and thereby; and

(ii) this Agreement and each Special Products Ancillary Agreement to which it is a party has been duly executed and delivered by it and constitutes a valid and binding agreement of it enforceable in accordance with the terms thereof.

(d) Signatures and Delivery. Each Party acknowledges that it and the other Party may execute this Agreement and any Special Products Ancillary Agreement by manual, stamp or mechanical signature, and that delivery of an executed counterpart of a signature page to this Agreement or any Special Products Ancillary Agreement (whether executed by manual, stamp or mechanical signature) by facsimile or by email in portable document format (PDF) shall be effective as delivery of such executed counterpart of this Agreement or any Special Products Ancillary Agreement. Each Party expressly adopts and confirms a stamp or mechanical signature (regardless of whether delivered in person, by mail, by courier, by facsimile or by email in portable document format (PDF)) made in its respective name as if it were a manual signature delivered in person, agrees that it shall not assert that any such signature or delivery is not adequate to bind such Party to the same extent as if it were signed manually and

delivered in person and agrees that, at the reasonable request of the other Party at any time, it shall as promptly as reasonably practicable cause each such Agreement and Special Products Ancillary Agreement to be manually executed (any such execution to be as of the date of the initial date thereof) and delivered in person, by mail or by courier.

Section 13.02 Governing Law. This Agreement and, unless expressly provided therein, each Special Products Ancillary Agreement, shall be governed by and construed and interpreted in accordance with the Laws of the State of Delaware irrespective of the choice of Laws and

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principles of the State of Delaware, as to all matters, including matters of validity, construction, effect, enforceability, performance and remedies.

Section 13.03 Assignability. Except as set forth in any Special Products Ancillary Agreement or In-Licensed Intellectual Property Agreement, (a) this Agreement and each Special Products Ancillary Agreement shall be binding upon and inure to the benefit of the Parties and the parties thereto, respectively, and their respective successors and permitted assigns and (b) either Party may assign its rights or delegate its obligations under this Agreement or any Special Products Ancillary Agreement without the express prior written consent of the other Party hereto or the other parties thereto; provided, however, unless the assignment of rights or delegation of obligations is to an Affiliate or Subsidiary of the Party seeking such assignment or delegation, then such Party must first provide the other Party with prior written notice of such intention and afford such other Party a sixty (60) day right of first negotiation. If the Parties are not able to reach an agreement after good faith negotiations during such sixty (60)-day period, then the Party intending to assign its rights or delegate its obligations under this Agreement or any Special Products Ancillary Agreement shall be free to do so; provided, however, any Person taking assignment shall assume all the obligations of the relevant Party thereto by operation of Law or pursuant to an agreement in form and substance reasonably satisfactory to the other Party. Nothing herein is intended to, or shall be construed to prohibit either Party or any of its Subsidiaries from being party to or undertaking a merger, consolidation or sale.

Section 13.04 Third Party Beneficiaries. Except for the indemnification rights under this Agreement of an Abbott Indemnitee or AbbVie Indemnitee in their respective capacities as such under Article IX, (a) the provisions of this Agreement and each Special Products Ancillary Agreement are solely for the benefit of the Parties and their respective Subsidiaries, and their permitted successors and assigns, and are not intended to confer upon any Person except the Parties and their respective Subsidiaries, and their permitted successors and assigns, any rights or remedies hereunder; and (b) there are no other Third Party beneficiaries of this Agreement or any Special Products Ancillary Agreement and neither this Agreement nor any Special Products Ancillary Agreement shall provide any other Third Party with any remedy, claim, Liability, reimbursement, claim of action or other right in excess of those existing without reference to this Agreement or any Special Products Ancillary Agreement.

Section 13.05 Notices. All Notices and, to the extent applicable and unless otherwise provided therein, under each of the Special Products Ancillary Agreements shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by overnight courier service, by facsimile with receipt confirmed (followed by delivery of an original via overnight courier service) or by registered or certified mail (postage prepaid, return receipt requested) to the respective Parties at the following addresses (or at such other address for a Party as shall be specified in a Notice):

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If to Abbott:

AbbottLaboratories  
100 Abbott Park Road  
Building AP6D, Dept. 364  
Abbott Park, Illinois 60064-6020  
Attn: General Counsel  
Facsimile: (847) 938-6277

If to AbbVie:

AbbVie Inc.  
1 North Waukegan Road  
North Chicago, Illinois 60064  
Attn: General Counsel  
Facsimile: (847) 935-3294

Either Party may, by Notice to the other Party, change the address to which such Notices are to be given.

Section 13.06 Severability. In the event that any one or more of the terms or provisions of this Agreement or any Special Products Ancillary Agreement or the application thereof to any Person or circumstance is determined by a court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Agreement or any Special Products Ancillary Agreement, or the application of such term or provision to Persons or circumstances or in jurisdictions other than those as to which it has been determined to be invalid, illegal or unenforceable, and the Parties shall use their commercially reasonable efforts to substitute one or more valid, legal and enforceable terms or provisions into this Agreement (or the applicable Special Products Ancillary Agreement) which, insofar as practicable, implement the purposes and intent of the Parties. Any term or provision of this Agreement or any Special Products Ancillary Agreement held invalid or unenforceable only in part, degree or within certain jurisdictions shall remain in full force and effect to the extent not held invalid or unenforceable to the extent consistent with the intent of the parties as reflected by this Agreement. To the extent permitted by applicable Law, each party waives any term or provision of Law which renders any term or provision of this Agreement to be invalid, illegal or unenforceable in any respect.

Section 13.07 Force Majeure. Neither Party shall be deemed in default of this Agreement or, unless otherwise expressly provided therein, any Special Products Ancillary Agreement for failure to fulfill any obligation so long as and to the extent to which any delay or failure in the fulfillment of such obligations is prevented, frustrated, hindered or delayed as a consequence of circumstances of Force Majeure. In the event of any such excused delay, the time for performance shall be extended for a period equal to the time lost by reason of the delay. A Party claiming the benefit of this provision shall, as soon as reasonably practicable after the occurrence of any such event, (a) provide Notice to the other Party of the nature and extent of any such Force Majeure condition; and (b) use commercially reasonable efforts to

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remove any such causes and resume performance under this Agreement or any Special Products Ancillary Agreement as soon as reasonably practicable.

Section 13.08 No Set Off. Except as set forth in any Special Products Ancillary Agreement or as otherwise mutually agreed to in writing by the Parties, neither Party nor any of its Subsidiaries shall have any right of set off or other similar rights with respect to (a) any amounts received pursuant to this Agreement or any Special Products Ancillary Agreement; or (b) any other amounts claimed to be owed to the other Party or any of its Subsidiaries arising out of this Agreement or any Special Products Ancillary Agreement.

Section 13.09 Responsibility for Expenses.

(a) Expenses Incurred on or Prior to the Effective Time. Except as otherwise expressly set forth in this Agreement or any Special Products Ancillary Agreement, or as otherwise agreed to in writing by the Parties, all costs and expenses incurred on or prior to the Effective Time in connection with the preparation, execution, delivery and implementation of this Agreement and any Special Products Ancillary Agreement and the consummation of the transactions contemplated hereby and thereby shall be charged to and paid by Abbott.

(b) Expenses Incurred or Accrued After the Effective Time. Except as otherwise expressly set forth in this Agreement or any Special Products Ancillary Agreement, or as otherwise agreed to in writing by the Parties, each Party shall bear its own costs and expenses incurred or accrued after the Effective Time.

Section 13.10 Headings. The Article, Section and Paragraph headings contained in this Agreement and in the Special Products Ancillary Agreements are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement or any Special Products Ancillary Agreement.

Section 13.11 Subsidiaries. Abbott shall cause to be performed, and hereby guarantees the performance of, all actions, agreements and obligations set forth herein to be performed by an Abbott Subsidiary and AbbVie shall cause to be performed, and hereby guarantees the performance of, all actions, agreements and obligations set forth herein to be performed by an AbbVie Subsidiary.

Section 13.12 Waivers of Default. Waiver by either Party of any default by the other Party of any provision of this Agreement or any Special Products Ancillary Agreement shall not be deemed a waiver by the waiving Party of any subsequent or other default, nor shall it prejudice the rights of the waiving Party.

Section 13.13 Amendments. No provisions of this Agreement or any Special Products Ancillary Agreement shall be deemed amended, supplemented or modified unless such amendment, supplement or modification is in writing and signed by an authorized representative of both Parties or their relevant Subsidiaries, as the case may be. No provisions

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of this Agreement or any Special Products Ancillary Agreement shall be deemed waived unless such waiver is in writing and signed by the authorized representative of the Party or relevant Subsidiary against whom it is sought to be enforced.

Section 13.14 **Interpretation.** Words in the singular shall be deemed to include the plural and vice versa and words of one gender shall be deemed to include the other genders as the context requires. The terms "hereof," "herein," and "herewith" and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement as a whole (including all of the Schedules and Exhibits hereto and thereto) and not to any particular provision of this Agreement. Article, Section, Exhibit and Schedule references are to the Articles, Sections, Exhibits, and Schedules to this Agreement unless otherwise specified. Unless otherwise stated, all references to any agreement shall be deemed to include the exhibits, schedules and annexes to such agreement. The word "including" and words of similar import when used in this Agreement shall mean "including, without limitation," unless the context otherwise requires or unless otherwise specified. The word "or" shall not be exclusive. Unless otherwise specified in a particular case, the word "days" refers to calendar days. References herein to this Agreement or any Special Products Ancillary Agreement shall be deemed to refer to this Agreement or such Special Products Ancillary Agreement as of the date on which it is executed and as it may be amended, modified or supplemented thereafter, unless otherwise specified. References to the performance, discharge or fulfillment of any Liability in accordance with its terms shall have meaning only to the extent such Liability has terms. If the Liability does not have terms, the reference shall mean performance, discharge or fulfillment of such Liability.

Section 13.15 **Public Announcements.** From and after the Effective Time, Abbott and AbbVie shall consult with each other before issuing, and give each other the opportunity to review and comment upon, that portion of any press release or other public statements that relates to the transactions contemplated by this Agreement or the Special Products Ancillary Agreements, and shall not issue any such press release or make any such public statement prior to such consultation, except (a) as may be required by applicable Law, court process or by obligations pursuant to any listing agreement with any national securities exchange or national securities quotation system; or (b) as otherwise set forth on Schedule 9.16 of the Separation Agreement.

Section 13.16 **Specific Performance.** Subject to the provisions of **Article XI**, in the event of any actual or threatened default in, or breach of, any of the terms, conditions and provisions of this Agreement or any Special Products Ancillary Agreement, the Party or Parties who are or are to be thereby aggrieved shall have the right to specific performance and injunctive or other equitable relief (on an interim or permanent basis) of its rights under this Agreement or the Special Products Ancillary Agreements, in addition to any and all other rights and remedies at law or in equity, and all such rights and remedies shall be cumulative. The Parties agree that the remedies at law for any breach or threatened breach, including monetary damages, may be inadequate compensation for any loss and that any defense in any Proceeding for specific performance that a remedy at Law would be adequate is waived.

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Section 13.17 **Mutual Drafting.** This Agreement and the Special Products Ancillary Agreements shall be deemed to be the joint work product of the Parties and any rule of construction that a document shall be interpreted or construed against a drafter of such document shall not be applicable.

\* \* \* \* \*

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IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives.

ABBOTT LABORATORIES

ABBVIE INC.

By: /s/ Thomas C. Freyman  
Name: Thomas C. Freyman  
Title: Executive Vice President, Finance  
and Chief Financial Officer

By: /s/ Richard A. Gonzalez  
Name: Richard A. Gonzalez  
Title: Chairman of the Board and  
Chief Executive Officer

[Signature Page — Special Products Master Agreement]

**SPECIAL PRODUCTS MASTER AGREEMENT**  
**Schedule 2.01(a)**  
**AbbVie Patents**

**ADVICOR/NIASPAN/SIMCOR**

Case Ref Number	App. Date	App. No.	Grant Date	Patent No.
SD-50003USP1	1/14/1995	08/368378	6/27/2000	6080428
SD-50003USC2	3/6/1997	08/814974	10/10/2000	6129930
SD-50003USP2	10/31/1997	08/962423	6/18/2002	6406715
SD-50003USC22	4/8/2010	12/756288		
SD-50003USC28	10/21/2011	13/278604		
SD-50003USC31	5/23/2012	13/478670		
SD-50003USC32	9/11/2012	13/609464		
SD-50003USC33	10/22/2012	13/657527		
SD-50003USC5	5/23/2003	10/444145	8/16/2011	7998506
SD-50003USP5	10/31/1997	08/962027	11/16/2004	6818229
SD-50003USC6	12/22/1999	09/470603	3/14/2006	7011848
SD-50003USP7	10/31/1997	08/962422	1/13/2004	6676967
SD-50003USP8	10/31/1997	08/962424	6/8/2004	6746691
SD-50004USC3	10/27/2011	13/282755		
SD-50005USO1	7/31/1997	08/903755	10/22/2002	6469035
SD-50007USO1	7/20/1998	09/119225	7/18/2000	6090830
SD-50008USP1	8/19/2008	12/194051		

**ANDROGEL**

Case Ref Number	App. Date	App. No.	Grant Date	Patent No.
SPI0060USC5	6/14/2004	10/867445		
SPI0060USOP0	8/30/2000	09/651777	1/7/2003	6503894
SPI0360USC4	10/17/2011	13/275232		
SPI0360USC6	3/27/2012	13/430862		
SPI0360USC7	10/10/2012	13/648694		
SPI0360USC5	10/17/2011	13/275254		
SPI0545USC1	7/11/2011	13/180316		
SPI0545USC2	7/11/2011	13/180327		
SPI0545USC3	10/5/2011	13/253848		
SPI0545USC4	10/5/2011	13/253867		

**BIAXIN/KLACID**

Case Ref Number	App. Date	App. No.	Grant Date	Patent No.
5820USO1	10/9/1996	08/722288	7/6/1999	5919489
5831USO1	11/21/1995	08/560752	2/16/1999	5872229
5831USO2	3/22/2004	10/806089	11/7/2006	RE39383
5842USO1	12/19/1995	08/574877	1/6/1998	5705190
5896USO1	4/10/1996	08/630306	9/15/1998	5808017
5957USO1	7/29/1996	08/681695	12/1/1998	5844105
5958USO1	7/29/1996	08/681723	1/12/1999	5858986

6018USO1	1/17/1997	08/785623	8/31/1999	5945405
6087USO1	4/11/1997	08/838900	1/4/2000	6010718
6087USC1	11/22/2002	10/302166	3/29/2005	6872407
6087USP1	10/13/1999	09/416916	4/22/2003	6551616

**SPECIAL PRODUCTS MASTER AGREEMENT**  
**Schedule 2.01(a)**  
**AbbVie Patents**

**CREON**

Case Ref Number	App. Date	App. No.	Grant Date	Patent No.
SPH0315USO1	7/29/2004	10/901436	1/20/2009	7479378
SPH0407USO1	3/22/2005	11/085073		
SPH0523USO1	7/27/2006	11/460330		
SPH0525USO0	8/15/2006	11/464754		
SPH0526USO1	8/15/2006	11/464704		
SPH0608USO0	5/21/2007	11/751497		
SPH0718USO0	11/14/2008	12/271480		
SPH9242USO0	8/19/1993	08/109051	1/3/1995	5378462
SPH9617USO0	8/22/1997	08/916325	11/30/1999	5993806
SPH9908USO0	3/15/2000	09/953450	10/17/2006	7122357

**DEPAKOTE**

Case Ref Number	App. Date	App. No.	Grant Date	Patent No.
6437USO1	12/18/1998	09/216650	7/16/2002	6419953
6437USC1	5/10/2002	10/143559	3/4/2003	6528091
6437USP1	12/22/2000	09/748566	3/4/2003	6528090
6437USC2	8/8/2002	10/215142	3/30/2004	6713086
6437USP2	12/22/2000	09/748567	1/28/2003	6511678
6437USC3	8/8/2002	10/215141	4/13/2004	6720004
6444USO2	1/25/2000	09/490531	11/21/2000	6150410

**MARINOL**

Case Ref Number	App. Date	App. No.	Grant Date	Patent No.
SPH0208USO0	8/15/2000	09/639289	6/8/2004	6747058
SPH0208USP1	9/5/2003	10/656304	1/19/2010	7648696
SPH0306USO0	5/30/1997	08/866511	9/8/1998	5804592
SPI0162USO0	9/18/2001	09/954010	3/9/2004	6702155
SPI0265USC0	6/3/1992	07/893554	3/9/2004	6703418

**MAVIK**

Case Ref Number	App. Date	App. No.	Grant Date	Patent No.
0050/049681USO1	12/21/1999	09/869651	5/6/2003	6559318
11759USO1	5/24/2011	US Equivalent of PCT/US2011/037745		

**SYNTHROID**

Case Ref Number	App. Date	App. No.	Grant Date	Patent No.
9170/002463USO1	1/30/1995	08/682783	5/19/1998	5753254
BBC116USO1	11/14/1996	08/748869	9/21/1999	5955105
BBC116USC1	9/18/1998	09/156844	5/2/2000	6056975

**SPECIAL PRODUCTS MASTER AGREEMENT**  
**Schedule 2.01(a)**  
**AbbVie Patents**

**TARKA**

Case Ref Number	App. Date	App. No.	Grant Date	Patent No.
0050/049681USO1	12/21/1999	09/869651	5/6/2003	6559318
11759USO1	5/24/2011	US Equivalent of PCT/US2011/037745		

**TEVETEN**

Case Ref Number	App. Date	App. No.	Grant Date	Patent No.
SPW0812USO0	7/9/2009	12/500425		

**TRILIPIX**

Case Ref Number	App. Date	App. No.	Grant Date	Patent No.
7117USC1	8/17/2007	11/840477		
SPF0271USC1				
7117USC3	9/14/2012	13/619165		
SPF0271USC3				
7117USO1	6/30/2004	10/880851	8/21/2007	7259186
SPF0271USP0				
7852USC1	3/15/2012	13/421551		
SPF0572USC1				
7852USC2	9/14/2012	13/618886		
8423USC2	5/31/2012	13/485032		
SPF0673USC2				
8902USC2	8/24/2011	13/216888		
SPF0270USC2				
8902USC3	3/15/2012	13/421420		
8902USO1	12/16/2003	10/539505		
SPF0270USO0				

MarkName	Country	Registered Owner	Appl. No.	Appl. Date	Reg. No.	Reg. Date
ADVICOR	Aruba	Abbott Respiratory LLC	22956	06/03/2004	22956	06/03/2004
ADVICOR	Azerbaijan	KOS LIFE SCIENCES, INC.	20050887	07/26/2005	20060810	07/26/2005
ADVICOR	Bahamas	Abbott Respiratory LLC	26761	08/10/2004	26761	05/15/2008
ADVICOR	Bangladesh	KOS LIFE SCIENCES, INC.	C12516	07/28/2004		
ADVICOR	Belize	Abbott Respiratory LLC	244004	06/25/2004	244004	06/25/2004
ADVICOR	Bolivia	Abbott Respiratory LLC	0005235	04/26/2001	913700	09/29/2003
ADVICOR	Brazil	KOS LIFE SCIENCES, INC.	823928926	05/22/2001	823928926	01/13/2009
ADVICOR	Caribbean Netherlands	Abbott Respiratory LLC	4626	10/07/2011	4626	10/07/2011
ADVICOR	Chile	Abbott Respiratory LLC	530584	06/06/2001	621611	02/07/2002
ADVICOR	China P.R.	Abbott Respiratory LLC	3121487	03/22/2002	3121487	05/28/2003
ADVICOR	Community Trademark	Abbott Respiratory LLC	2198323	04/27/2001	2198323	03/02/2004
ADVICOR	Costa Rica	Abbott Respiratory LLC	20042783	06/30/2004	154879	11/25/2005
ADVICOR	Croatia	Abbott Respiratory LLC	Z20010726A	05/04/2001	Z20010726	03/07/2002
ADVICOR	Cuba	KOS LIFE SCIENCES, INC.	20040224	04/12/2004	20040224	04/12/2004
ADVICOR	Dominican Republic	Abbott Respiratory LLC	200544381	07/12/2005	149916	09/29/2005
ADVICOR	Ecuador	Abbott Respiratory LLC	113100	04/25/2001	23210	04/22/2003
ADVICOR	El Salvador	Abbott Respiratory LLC	398482004	04/20/2004	80Book40	05/26/2005
ADVICOR	Guatemala	Abbott Respiratory LLC	200404717	06/25/2004	133569236303	01/05/2005
ADVICOR	Hong Kong	Abbott Respiratory LLC	300229374	06/08/2004	300229374	10/26/2004
ADVICOR	India	KOS LIFE SCIENCES, INC.	1005931	04/26/2001	1005931	04/26/2001
ADVICOR	Jamaica	Abbott Respiratory LLC	45130	04/20/2004	45130	04/24/2004
ADVICOR	Japan	Abbott Respiratory LLC	4552498	03/15/2002	4552498	03/15/2002
ADVICOR	Kazakhstan	KOS LIFE SCIENCES, INC.	31632	07/25/2005	22052	07/25/2005
ADVICOR	Kenya	Abbott Respiratory LLC	63089	04/21/2008	63089	04/21/2008
ADVICOR	Korea South	Abbott Respiratory LLC	4020010019060	05/03/2001	529954	09/11/2002
ADVICOR	Lebanon	Abbott Respiratory LLC	99982	11/02/2004	99982	11/02/2004
ADVICOR	Macedonia	KOS LIFE SCIENCES, INC.	Z20041042	12/24/2002		
ADVICOR	Malaysia	KOS LIFE SCIENCES, INC.	04004832	04/10/2004	04004832	04/10/2004
ADVICOR	Netherlands Antilles	KOS LIFE SCIENCES, INC.	D500418	07/27/2005	11815	07/27/2005
ADVICOR	New Zealand	Abbott Respiratory LLC	636647	04/26/2001	636647	11/01/2001
ADVICOR	Nicaragua	Abbott Respiratory LLC	200102348	06/26/2001	52465CC	02/10/2002
ADVICOR	Pakistan	KOS LIFE SCIENCES, INC.	198485	07/09/2004		
ADVICOR	Paraguay	Abbott Respiratory LLC	09956	04/02/2007	297356	04/02/2007
ADVICOR	Serbia	KOS LIFE SCIENCES, INC.	Z1155/2004	08/25/2004		

MarkName	Country	Registered Owner	Appl. No.	Appl. Date	Reg. No.	Reg. Date
ADVICOR	Slovak Republic	Abbott Respiratory LLC	1787-2001	06/08/2001	200626	10/08/2002
ADVICOR	Taiwan	Abbott Respiratory LLC	93016022	04/12/2004	1136063	01/16/2005
ADVICOR	Tajikistan	KOS LIFE SCIENCES, INC.	05007076	07/25/2005	6823	07/25/2005
ADVICOR	Thailand	Abbott Respiratory LLC	555984	06/16/2004	KOR210372	06/16/2004
ADVICOR	Trinidad	Abbott Respiratory LLC	36420	09/09/2005	36420	09/09/2005
ADVICOR	United States	Abbott Respiratory LLC	76139593	10/03/2000	2769627	09/30/2003
ADVICOR	Uzbekistan	KOS LIFE SCIENCES, INC.	MGU20050534	07/25/2005	MGU14280	07/25/2005
ADVICOR	Venezuela	KOS LIFE SCIENCES, INC.	2001007414	05/04/2001		
ADVICOR	Vietnam	KOS LIFE SCIENCES, INC.	4200405386	06/03/2004	67971	06/03/2004
ADVICOR (CYRILLIC CHARACTERS)	Azerbaijan	KOS LIFE SCIENCES, INC.	20050885	07/26/2005	20060807	07/26/2005
ADVICOR (CYRILLIC CHARACTERS)	Kazakhstan	KOS LIFE SCIENCES, INC.	31630	07/25/2005	22050	07/25/2005
ADVICOR (CYRILLIC CHARACTERS)	Tajikistan	KOS LIFE SCIENCES, INC.	05007077	07/25/2005	6822	07/25/2005
ADVICOR (CYRILLIC CHARACTERS)	Uzbekistan	KOS LIFE SCIENCES, INC.	MGU20050335	07/25/2005	MGU14286	07/25/2005
ANDROGEL	United States	Unimed Pharmaceuticals LLC	74721663	08/28/1995	2232508	03/16/1999
BIAXIN	Puerto Rico	ABBOTT LABORATORIES	XXXX	09/16/1992	31119	09/16/1992
BIAXIN	United States	ABBOTT LABORATORIES	74162685	05/01/1991	1751782	02/09/1993
CF CARE FORWARD LOGO	United States	ABBOTT PRODUCTS, INC.	85195076	12/10/2010		
CREON	United States	ABBOTT PRODUCTS GMBH - DE	74515321	04/22/1994	1909701	08/08/1995
CREON DESIGN	United States	ABBOTT PRODUCTS GMBH - DE	85600238	04/17/2012		
DEPACON	United States	Sanofi-Aventis	75251980	03/05/1997	2209652	12/08/1998
DEPAKEN	United States	SANOFI SYNTHELABO	72273651	06/12/1967	0887024	03/03/1970
DEPAKOTE	United States	Sanofi-Aventis	73383028	09/01/1982	1377834	01/14/1986
DESIGNED WITH A MAN IN MIND	United States	ABBOTT LABORATORIES	85528494	01/30/2012		
DRIVE FOR FIVE	United States	ABBOTT LABORATORIES	85597409	04/13/2012		
DRIVE FOR FIVE (STYLIZED) AND DESIGN	United States	ABBOTT LABORATORIES	85597416	04/13/2012		
FILMTAB	Puerto Rico	ABBOTT LABORATORIES	XXXX	04/14/1955	9236	04/14/1955
FILMTAB	United States	ABBOTT LABORATORIES	71665334	04/28/1954	0603850	03/29/1955
LUVOX	Japan	Abbott Products Operations A.G.	64001/91	06/19/1991	2698605	10/31/1994
LUVOX	Japan	Abbott Products Operations A.G.			570839	10/20/2009

MarkName	Country	Registered Owner	Appl. No.	Appl. Date	Reg. No.	Reg. Date
LUVOX (KATAKANA CHARACTERS)	Japan	Abbott Products Operations A.G.	64002/91	06/19/1991	2708932	07/31/1995
MARINOL	United States	Unimed Pharmaceuticals LLC	73322693	08/07/1981	1225688	02/01/1983
MARINOL	United States	Unimed Pharmaceuticals LLC	74689638	06/16/1995	1976619	05/28/1996
MARINOL	United States	Unimed Pharmaceuticals LLC	75468992	04/16/1998	2492964	09/25/2001
MAVIK	United States	ABBOTT GMBH & CO. KG	74370098	03/22/1993	1862212	11/15/1994
NIASPAN	United States	Abbott Respiratory LLC	73838497	11/13/1989	1611010	08/28/1990
SIMCOR	Egypt	ABBOTT PHARMACEUTICALS PR LTD.	222322	10/08/2008		
SIMCOR	Mexico	Abbott Respiratory LLC	875450	08/15/2007	1034933	04/17/2008
SIMCOR	United States	KOS PHARMACEUTICALS, INC.	76475172	12/06/2002	3123955	08/01/2006
SIMSPAN	Albania	ABBOTT PHARMACEUTICALS PR LTD.	AL/T/2008/483	09/01/2008	12293	01/29/2009
SIMSPAN	Argentina	ABBOTT PHARMACEUTICALS PR LTD.	2838241	07/11/2008		
SIMSPAN	Australia	ABBOTT PHARMACEUTICALS PR LTD.	1250548	07/09/2008	1250548	02/16/2009
SIMSPAN	Bosnia-Herzegovina	ABBOTT PHARMACEUTICALS PR LTD.	BAZ0813228A	08/28/2008	BAZ0813228	12/27/2011
SIMSPAN	Brazil	ABBOTT PHARMACEUTICALS PR LTD.	829942343	08/21/2008	829942343	12/14/2010
SIMSPAN	Chile	ABBOTT PHARMACEUTICALS PR LTD.	838041	09/23/2008		
SIMSPAN	Colombia	ABBOTT PHARMACEUTICALS PR LTD.	2008070182	07/08/2008	378241	04/28/2009
SIMSPAN	Community Trademark	ABBOTT PHARMACEUTICALS PR LTD.	007187529	08/26/2008	007187529	08/13/2009
SIMSPAN	Croatia	ABBOTT PHARMACEUTICALS PR LTD.	Z20081905A	08/28/2008	Z20081905	09/23/2009

SIMSPAN	Dominican Republic	ABBOTT PHARMACEUTICALS PR LTD.	200828971	07/10/2008	171006	12/01/2008
SIMSPAN	Ecuador	ABBOTT PHARMACEUTICALS PR LTD.	201884	07/10/2008	753-09	12/01/2008
SIMSPAN	Egypt	ABBOTT PHARMACEUTICALS PR LTD.	219335	07/10/2008	219335	08/11/2011
SIMSPAN	Guatemala	ABBOTT PHARMACEUTICALS PR LTD.	M057832008	07/10/2008	162975	04/28/2009

MarkName	Country	Registered Owner	Appl. No.	Appl. Date	Reg. No.	Reg. Date
SIMSPAN	Hong Kong	ABBOTT PHARMACEUTICALS PR LTD.	301156419	07/09/2008	301156419	10/31/2008
SIMSPAN	Israel	ABBOTT PHARMACEUTICALS PR LTD.	213036	07/09/2008	213036	03/10/2010
SIMSPAN	Lebanon	ABBOTT PHARMACEUTICALS PR LTD.	118263	09/05/2008	118263	09/05/2008
SIMSPAN	Macedonia	ABBOTT PHARMACEUTICALS PR LTD.	TM-2008/1150	08/27/2008	15905	06/30/2009
SIMSPAN	Mexico	ABBOTT PHARMACEUTICALS PR LTD.	945953	07/08/2008	1081744	07/08/2008
SIMSPAN	Norway	ABBOTT PHARMACEUTICALS PR LTD.	200810756	08/27/2008	248651	11/13/2008
SIMSPAN	Panama	ABBOTT PHARMACEUTICALS PR LTD.	17850801	01/16/2009	17850801	01/16/2009
SIMSPAN	Peru	ABBOTT PHARMACEUTICALS PR LTD.	360288	07/14/2008	148917	02/20/2009
SIMSPAN	Korea South	ABBOTT PHARMACEUTICALS PR LTD.	40200835782	07/21/2008	400793055	06/23/2009
SIMSPAN	Serbia	ABBOTT PHARMACEUTICALS PR LTD.	Z-2149/08	08/28/2008	58879	07/10/2009
SIMSPAN	Singapore	ABBOTT PHARMACEUTICALS PR LTD.	T0809024J	07/09/2008	T0809024J	07/09/2008
SIMSPAN	Switzerland	ABBOTT PHARMACEUTICALS PR LTD.	60515/2008	08/26/2008	579146	08/26/2008
SIMSPAN	Turkey	ABBOTT PHARMACEUTICALS PR LTD.	2008/56284	09/23/2008	2008 56284	09/11/2009
SIMSPAN	Uruguay	ABBOTT PHARMACEUTICALS PR LTD.	393948	07/09/2008	393948	07/08/2010
SIMSPAN	Venezuela	ABBOTT PHARMACEUTICALS PR LTD.	2008013094	07/08/2008		
SYNTHROID	Puerto Rico	ABBOTT GMBH & CO. KG		12/22/2011		
SYNTHROID	United States	ABBOTT LABORATORIES	71631584	06/21/1952	0574702	05/19/1953
SYNTHROID DIRECT	United States	ABBOTT LABORATORIES	77912098	01/14/2010		
TARKA	United States	ABBOTT GMBH & CO. KG	74604544	11/30/1994	1994548	08/20/1996
TEVETEN	United States	Abbott Respiratory LLC	74721045	08/24/1995	2111139	11/04/1997
TRICOR	United States	FOURNIER INDUSTRIE ET SANTE	75419133	01/16/1998	2300674	12/14/1999

MarkName	Country	Registered Owner	Appl. No.	Appl. Date	Reg. No.	Reg. Date
TRIGS BELOW 150 BAD (LDL)*BELOW 100 GOOD (HDL) WOMEN: 50 OR ABOVE MEN: 40 OR ABOVE and design	United States	ABBOTT LABORATORIES	77635839	12/18/2008	3650674	07/07/2009
TRILIPIX	United States	FOURNIER INDUSTRIE ET SANTE	77116366	02/26/2007	3587733	03/10/2009
TRILIPIX DESIGN	United States	ABBOTT LABORATORIES	77447747	04/14/2008	3974894	06/07/2011
TURN IT UP	United States	ABBVIE INC.	85707806	08/20/2012		

REGULATORY APPROVALS Schedule 2.01(c)

Brand	Brand & Product Description	Generic Name	NDA
Androgel	AndroGel 1.62% (testosterone gel)	testosterone	22-309
	AndroGel® 1% (testosterone gel)	testosterone	21-015
Biaxin	Biaxin Filmtab	clarithromycin	50-662
	Biaxin Granules for Oral Suspension	clarithromycin	50-698
Marinol	Biaxin XL	clarithromycin	50-775
	Marinol Capsules	dronabinol	18-651
Mavik	Mavik Tablets	trandolapril	20-528
Tarka	Tarka Tablets (trandolapril/verapamil HCl ER tablets)	trandolapril	
		verapamil HCl	20-591
Teveten	Teveten (eprosartan mesylate) Tablets	eprosartan mesylate	20-738
	Teveten HCT (eprosartan mesylate-hydrochlorothiazide) Combination Tablets	eprosartan mesylate mesylate hydrochlorothiazide	21-268
Tricor	Tricor	fenofibrate	19-304
	Tricor (fenofibrate tablets) 48 mg & 145 mg	fenofibrate	21-656
	Tricor Tablets	fenofibrate	21-203
Trilipix	Trilipix® (fenofibric acid) Delayed Release Capsules	fenofibric acid	22-224
	Depacon	valproate sodium	20-593
Depakote	Depakene Capsules	valproic acid	18-081
	Depakene Syrup	valproic acid	18-082
	Depakote DR (Delayed-Release) Tablets	divalproex sodium	18-723
	Depakote ER	divalproex sodium	21-168
	Depakote Sprinkle Capsules	divalproex sodium	19-680
	Divalproex Sodium Tablet	divalproex sodium	20-320
Niaspan	Niaspan Tablets	niacin extended-release	20381
Synthroid	Synthroid Tablets	levothyroxine sodium	21-402
Advicor	Advicor Tablets	niacin extended-release	21-249
		lovastatin	
Simcor	Simcor Tablets	niacin extended-release simvastatin	22-078
Creon	Creon (pancrelipase) Delayed-Release Capsules	pancrelipase (amylase, lipase, protease)	20-725
Luvox		fluvoxamine maleate	20-243 (Discontinued Solvay NDA)



## EMPLOYEE MATTERS AGREEMENT

BY AND BETWEEN

ABBOTT LABORATORIES

AND

ABBVIE INC.

DATED AS OF DECEMBER 31, 2012

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EMPLOYEE MATTERS AGREEMENT

This EMPLOYEE MATTERS AGREEMENT dated as of December 31, 2012 and effective as of the Effective Time (as defined below) is by and between ABBOTT LABORATORIES, an Illinois corporation ("Abbott"), and ABBVIE INC., a Delaware corporation ("AbbVie").

R E C I T A L S:

WHEREAS, the Abbott Board (as defined below) has determined that it is appropriate and advisable to separate Abbott's research-based pharmaceuticals business from its other businesses;

WHEREAS, to effectuate the foregoing, Abbott and AbbVie have entered into a Separation and Distribution Agreement (as defined below) which provides for, among other things, the contribution from Abbott to AbbVie of certain Assets (as defined below), the assumption by AbbVie of certain liabilities from Abbott, the distribution by Abbott of AbbVie Common Stock (as defined below) to Abbott shareholders, and the execution and delivery of certain other agreements to facilitate and provide for the foregoing, in each case subject to the terms and conditions set forth therein;

WHEREAS, the Employees (as defined below) of the AbbVie Business (as defined below) have been employed by the Abbott Group (as defined below) and are to be Employees of the AbbVie Group (as defined below) after the Separation (as defined below); and

WHEREAS, this Agreement describes the principal employment, compensation and employee benefit plan arrangements between the Parties.

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained in this Agreement, the Parties hereby agree as follows:

AGREEMENT

ARTICLE I

DEFINITIONS

Section 1.01. Defined Terms. The following capitalized terms as used in this Agreement shall have the meaning set forth below unless otherwise specified herein:

"Abbott" has the meaning set forth in the first sentence of this Agreement.

"Abbott-AbbVie MEPP" means the Abbott-AbbVie Multiple Employer Pension Plan established pursuant to Section 3.02.

"Abbott ARP" means the Abbott Laboratories Annuity Retirement Plan.

"Abbott Benefit Plan" means a Benefit Plan sponsored by, maintained by, or contributed to by the Abbott Group, except that such term shall not include the Abbott-AbbVie MEPP.

"Abbott Board" means the Abbott board of directors.

"Abbott Cash Profit Sharing Plan" means the Abbott Laboratories Cash Profit Sharing Plan.

"Abbott Common Shares" has the meaning set forth in the Separation and Distribution Agreement.

"Abbott Compensation Committee" means the compensation committee of the Abbott Board.

"Abbott DCP" means the Abbott Laboratories Deferred Compensation Plan.

"Abbott Directors' Fee Plan" means the Abbott Laboratories Non-Employee Directors' Fee Plan.

"Abbott ESPP" means the Abbott Laboratories 2009 Employee Stock Purchase Plan for Non-U.S. Employees and any sub-plan established thereunder.

"Abbott Former Employee" means a Former Employee who is not an AbbVie Former Employee.

"Abbott Group" means Abbott and the Abbott Subsidiaries.

"Abbott Health and Welfare Plan" means a Health and Welfare Plan sponsored by, maintained by, or contributed to by the Abbott Group.

"Abbott KSP" means the Abbott Laboratories 401(k) Supplemental Plan.

"Abbott Life Insurance Trust" means the Abbott Laboratories Life Insurance Trust.

"Abbott LTD Participant" means an Abbott Former Employee who is, as of the Distribution Date, receiving long-term disability benefits under the Abbott Laboratories Extended Disability Plan or the Abbott Laboratories Puerto Rico Long Term Disability Plan.

"Abbott Management Incentive Plan" means the 1986 Abbott Laboratories Management Incentive Plan.

"Abbott OMPP" means the Abbott Overseas Managers Pension Plan.

"Abbott Option" means an option to purchase one or more Abbott Common Shares granted under an Abbott Stock Program and outstanding immediately prior to the Distribution Date (whether or not then exercisable).

"Abbott Performance Incentive Plan" means the 1998 Abbott Laboratories Performance Incentive Plan.

"Abbott Post-Distribution Stock Value" means the opening per-share price, as reported on the NYSE, of Abbott Common Shares on the Distribution Date (or, if the Distribution Date is not an NYSE trading day, on the first trading day following the Distribution Date).

"Abbott PR" means Abbott Healthcare (Puerto Rico) Ltd. or, where the context so requires, its appropriate Affiliate or Subsidiary that employs Employees in Puerto Rico.

“Abbott PR Health and Welfare Plan - New” means, following the Distribution, a PR Health and Welfare Plan sponsored by, maintained by, or contributed to by the Abbott Group and established pursuant to Section 7.04.

“Abbott PR Retirement Plan - New” means the Abbott Puerto Rico Retirement Plan established pursuant to Section 7.01.

“Abbott PR SERP - New” means the Abbott Puerto Rico Supplemental Pension Plan established pursuant to Section 7.03.

“Abbott PR SRP - New” means the Abbott Laboratories Stock Retirement Plan (Puerto Rico) established pursuant to Section 7.02.

“Abbott Ratio” means the quotient obtained by dividing the Abbott Stock Value by the Abbott Post-Distribution Stock Value.

“Abbott Restricted Stock Award” means a restricted stock award granted pursuant to an Abbott Stock Program and outstanding immediately prior to the Distribution Date.

“Abbott Retained Employee” means any Employee other than an AbbVie Employee.

“Abbott Retiree Health Care Plan” means the Abbott Laboratories Retiree Health Care Plan.

“Abbott Retiree Life Plan” means the Abbott Laboratories Retiree Life Insurance Plan.

“Abbott RSU Award” means a restricted stock unit award granted pursuant to an Abbott Stock Program and outstanding immediately prior to the Distribution Date.

“Abbott SERP” means the Abbott Laboratories Supplemental Pension Plan.

“Abbott SRP” means the Abbott Laboratories Stock Retirement Plan.

“Abbott Stock Programs” means, collectively, the Abbott Laboratories 2009 Incentive Stock Program, the Abbott Laboratories 1996 Incentive Stock Program, and any incentive compensation program or arrangement that governs the terms of equity-based incentive

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awards assumed by the Abbott Group in connection with a corporate transaction and that is maintained by the Abbott Group immediately prior to the Distribution Date (excluding any plan maintained solely by AbbVie or any AbbVie Subsidiary), and any sub-plans established under those programs.

“Abbott Stock Value” means the sum of the Abbott Post-Distribution Stock Value and the Adjusted AbbVie Stock Value.

“Abbott Subsidiary” means any Subsidiary of Abbott prior to, at or after the Effective Time (including, prior to the Effective Time, AbbVie and the AbbVie Subsidiaries).

“Abbott TPP” means the Abbott Laboratories Territorial Pension Plan.

“Abbott Trust” means the Abbott Laboratories Annuity Retirement Trust.

“Abbott Value Factor” means the quotient obtained by dividing (i) the Abbott Post-Distribution Stock Value, by (ii) the sum of (A) the Adjusted AbbVie Stock Value and (B) the Abbott Post-Distribution Stock Value.

“AbbVie” has the meaning set forth in the first sentence of this Agreement.

“AbbVie Award” means an AbbVie Option, AbbVie Restricted Stock Award, or AbbVie RSU Award granted pursuant to Section 6.01.

“AbbVie Benefit Plan” means, following the Distribution, each Benefit Plan sponsored by, maintained by, or contributed to by the AbbVie Group, provided that such term shall not include the Abbott-AbbVie MEPP, and, provided, further, that such term shall include, following the consummation of a Local Closing Transaction, each Benefit Plan sponsored by, maintained by, or contributed to by the applicable Deferred AbbVie Local Business.

“AbbVie Board” means the AbbVie board of directors.

“AbbVie Business” has the meaning set forth in the Separation and Distribution Agreement.

“AbbVie Cash Profit Sharing Plan” means the AbbVie Cash Profit Sharing Plan.

“AbbVie Common Stock” has the meaning set forth in the Separation and Distribution Agreement.

“AbbVie DCP” means the AbbVie Deferred Compensation Plan.

“AbbVie Directors’ Fee Plan” means the AbbVie Non-Employee Directors’ Fee Plan.

“AbbVie Employee” means any Employee who is (i) employed by the AbbVie Group as of immediately prior to the Distribution Date, (ii) designated prior to the Distribution Date by Abbott as an individual whose employment is to transfer (referred to internally by the Parties as “map”) to the AbbVie Group, (iii) hired by the Abbott Group on or after the

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Distribution Date (but prior to the consummation of the applicable Local Closing Transaction) who is primarily employed in connection with a Deferred AbbVie Local Business, or (iv) designated as an AbbVie Employee by joint agreement of the Parties (in all cases, other than an Employee who is designated by Abbott prior to the Distribution Date as intended not to transfer to the AbbVie Group).

“AbbVie ESPP” means the AbbVie 2013 Employee Stock Purchase Plan for Non-U.S. Employees and any sub-plan established thereunder.

“AbbVie Former Employee” means a Former Employee who either (i) was designated by Abbott as an Employee whose employment was to transfer (“map”) to the AbbVie Group or (ii) if no such designation was made, was primarily employed or engaged in the AbbVie Business immediately prior to such individual’s termination of employment.

“AbbVie Group” means AbbVie and the AbbVie Subsidiaries.

“AbbVie Health and Welfare Plan” means, following the Distribution, a Health and Welfare Plan sponsored by, maintained by, or contributed to by the AbbVie Group.

“AbbVie ISP” means the AbbVie 2013 Incentive Stock Program.

“AbbVie Life Insurance Trust” means the AbbVie Employee Insurance Trust.

“AbbVie LTD Participant” means an AbbVie Former Employee who is, as of the Distribution Date, receiving long-term disability benefits under the Abbott Laboratories Extended Disability Plan or the Abbott Laboratories Puerto Rico Long Term Disability Plan.

“AbbVie OMPP” means the AbbVie Overseas Managers Pension Plan.

“AbbVie Option” means an option to purchase one or more shares of AbbVie Common Stock granted by AbbVie in accordance with Section 6.01.

“AbbVie Pension Plan” means the AbbVie Pension Plan.

“AbbVie PR” means AbbVie Ltd. (formerly known as Abbott Pharmaceuticals (Puerto Rico) Ltd.) or, where the context so requires, its appropriate Affiliate or Subsidiary that employs Employees in Puerto Rico.

“AbbVie PR Health and Welfare Plans” means the PR Health and Welfare Plans sponsored by, maintained by, or contributed to by the AbbVie Group.

“AbbVie PR Pension Plan” means the AbbVie Puerto Rico Pension Plan (formerly known as the Abbott Puerto Rico Retirement Plan).

“AbbVie PR Savings Plan” means the AbbVie Puerto Rico Savings Plan (formerly known as the Abbott Laboratories Stock Retirement Plan (Puerto Rico)).

“AbbVie PR SERP” means the AbbVie Puerto Rico Supplemental Pension Plan (formerly known as the Abbott Puerto Rico Supplemental Pension Plan).

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“AbbVie Ratio” means the quotient obtained by dividing the Abbott Stock Value by the AbbVie Stock Value.

“AbbVie Restricted Stock Award” means a restricted stock award granted by AbbVie in accordance with Section 6.01.

“AbbVie RSU Award” means a restricted stock unit award granted by AbbVie in accordance with Section 6.01.

“AbbVie Savings Plan” means the AbbVie Savings Plan.

“AbbVie SERP” means the AbbVie Supplemental Pension Plan.

“AbbVie SSP” means the AbbVie Supplemental Savings Plan.

“AbbVie Stock Value” means the opening per-share price, as reported on the NYSE, of AbbVie Common Stock on the Distribution Date (or, if the Distribution Date is not an NYSE trading day, on the first trading day following the Distribution Date).

“AbbVie Subsidiary” has the meaning set forth in the Separation and Distribution Agreement.

“AbbVie TPP” means the AbbVie Territorial Pension Plan.

“AbbVie Value Factor” means the quotient obtained by dividing (i) the Adjusted AbbVie Stock Value, by (ii) the sum of (A) the Adjusted AbbVie Stock Value and (B) the Abbott Post-Distribution Stock Value.

“Adjusted Abbott Award” means an Adjusted Abbott Option, Adjusted Abbott Restricted Stock Award, or Adjusted Abbott RSU Award.

“Adjusted Abbott Option” means an option to purchase one or more Abbott Common Shares adjusted in accordance with Section 6.01.

“Adjusted Abbott Restricted Stock Award” means an Abbott Restricted Stock Award adjusted in accordance with Section 6.01.

“Adjusted Abbott RSU Award” means a restricted stock unit award granted pursuant to an Abbott Stock Program adjusted in accordance with Section 6.01.

“Adjusted AbbVie Stock Value” means the product obtained by multiplying (i) the AbbVie Stock Value times (ii) the Distribution Ratio.

“Affiliate” has the meaning set forth in the Separation and Distribution Agreement.

“Agreement” means this Employee Matters Agreement and each of the Schedules hereto.

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“Ancillary Agreements” has the meaning set forth in the Separation and Distribution Agreement.

“Assets” has the meaning set forth in the Separation and Distribution Agreement.

“Benefit Plan” means any (i) “employee benefit plan,” as defined in ERISA Section 3(3) (whether or not such plan is subject to ERISA); and (ii) employment, compensation, severance, salary continuation, bonus, thirteen month, incentive, retirement, thrift, superannuation, savings, pension, workers’ compensation, termination benefit (including termination notice requirements), termination indemnity, other indemnification, supplemental unemployment benefit, redundancy pay, profit sharing, deferred compensation, stock ownership, stock purchase, stock option, stock appreciation right, restricted stock, “phantom” stock, performance share, restricted stock unit, other stock-based incentive, change in control, paid time off, perquisite, fringe benefit, vacation, disability, life, or other insurance, death benefit, hospitalization, medical, or other compensatory or benefit plan, program, fund, agreement, arrangement, or policy of any kind (whether written or oral, qualified or nonqualified, funded or unfunded, foreign or domestic, currently effective or terminated), and any trust, escrow or similar agreement related thereto, whether or not funded, excluding any plan, program, fund, agreement, arrangement, or policy (other than for workers’ compensation liabilities) that is mandated by and maintained solely pursuant to applicable Law.

“Change of Control” has the meaning set forth in the Separation and Distribution Agreement.

“COBRA” means coverage required by Code Section 4980B or ERISA Section 601 et. seq.

“Code” means the U.S. Internal Revenue Code of 1986, as amended.

“Conveyance and Assumption Instruments” has the meaning set forth in the Separation and Distribution Agreement.

“Deferred AbbVie Local Business” has the meaning set forth in the Separation and Distribution Agreement.

“Distribution” has the meaning set forth in the Separation and Distribution Agreement.

“Distribution Date” has the meaning set forth in the Separation and Distribution Agreement.

“Distribution Ratio” means the number of shares of AbbVie Common Stock distributed in the Distribution in respect of one Abbott Common Share.

“Effective Time” means 12:01 a.m. Eastern Time on the Distribution Date.

“EMA Liabilities” means all debts, liabilities, obligations, responsibilities, response actions, losses, damages (whether compensatory, punitive, consequential, incidental, treble or other), fines, penalties and sanctions, absolute or contingent, matured or unmatured,

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liquidated or unliquidated, foreseen or unforeseen, joint, several or individual, asserted or unasserted, accrued or unaccrued, known or unknown, whenever arising, including those arising under or in connection with any Law or other pronouncements of Governmental Authorities having the effect of Law, Proceeding, threatened Proceeding, order or consent decree of any Governmental Authority or any award of any arbitration tribunal, and those arising under any contract, guarantee, commitment or undertaking, whether sought to be imposed by a Governmental Authority, private party, or Party, whether based in contract, tort, implied or express warranty, strict liability, criminal or civil statute, or otherwise, and including any costs, expenses, interest, attorneys’ fees, disbursements and expenses of counsel, expert and consulting fees and costs related thereto or to the investigation or defense thereof, to the extent relating to, arising out of or resulting from employment or termination of employment of an Employee or Former Employee (but not including liabilities of the Parties for the effects of an Employee’s or Former Employee’s services on the business, operations, customer or vendor relations, products or reputation of the Parties), Employment Taxes, Benefit Plans, or other obligations, liabilities or responsibilities expressly assumed or retained under this Agreement.

“Employee” means an employee on the payroll of Abbott, an Abbott Subsidiary, AbbVie or an AbbVie Subsidiary (not including any Former Employee), including any employee absent from work on account of vacation, jury duty, funeral leave, personal leave, sickness, short-term disability, long-term disability or workers’ compensation leave (in each case, unless treated as a separated employee for employment purposes), military leave, family leave, pay continuation leave, or other approved leave of absence or for whom an obligation to recall, rehire or otherwise return to employment exists under a contractual obligation or Law.

“Employee Agreement” means an employment contract between a member of the Abbott Group and an Employee, including, without limitation, the U.S. standard-form employee agreement customarily signed by certain Employees of the Abbott Group.

“Employee Recoupment Asset” means an employer’s right to repayment from an employee in respect of a tax equalization payment, sign-on bonus payment, relocation expense payment, tuition payment, reimbursement, loan, or other similar item, including any agreement related thereto.

“Employment Tax” means withholding, payroll, social security, workers’ compensation, unemployment, disability and any similar tax imposed by any Tax Authority or social security authority, and any interest, penalties, additions to tax, or additional amounts with respect to the foregoing imposed on any taxpayer or consolidated, combined, or unitary group of taxpayers. With respect to any Employment Tax, the term “Tax Authority” means the governmental entity or political subdivision thereof that imposes such Employment Tax, and the agency (if any) charged with the collection of such Employment Tax for such entity or subdivision.

“ERISA” means the U.S. Employee Retirement Income Security Act of 1974, as amended.

“ESOP” means an employee stock ownership plan, as defined in ERISA Section 407(d)(6) and Code Section 4975(e)(7).

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“Ex-U.S. Transition Services Agreement” has the meaning set forth in the Separation and Distribution Agreement.

“Force Majeure” has the meaning set forth in the Separation and Distribution Agreement.

“Former Employee” means any individual whose employment with the Abbott Group terminated on or prior to the Distribution Date for whom no obligation to recall, rehire or otherwise return to employment exists under a contractual obligation or Law.

“Governmental Authority” has the meaning set forth in the Separation and Distribution Agreement.

“Health and Welfare Plan” means any Benefit Plan established or maintained to provide, for Employees or Former Employees who work primarily in the United States or their beneficiaries, through the purchase of insurance or otherwise, medical, dental, prescription, vision, short-term disability, long-term disability, death benefits, life insurance, accidental death and dismemberment insurance, business travel accident insurance, employee assistance program, group legal services, wellness, cafeteria (including premium payment, health care flexible spending account, and dependent care flexible spending account components), travel reimbursement, transportation, vacation benefits, apprenticeship or other training programs, day care centers, or prepaid legal services benefits, including any “employee welfare benefit plan” (as defined in ERISA Section 3(1)) that is not a severance plan.

“HIPAA” means the Health Insurance Portability and Accountability Act of 1996, as amended.

“Incurred Claim” means an EMA Liability related to services or benefits provided under a Benefit Plan, and shall be deemed to be incurred: (i) with respect to medical, dental, vision, and prescription drug benefits, upon the rendering of services giving rise to such EMA Liability; (ii) with respect to death benefits, life insurance, accidental death and dismemberment insurance, and business travel accident insurance, upon the occurrence of the event giving rise to such EMA Liability; (iii) with respect to disability benefits, upon the date of disability, as determined by the disability benefit insurance carrier or claim administrator, giving rise to such EMA Liability; (iv) with respect to a period of continuous hospitalization, upon the date of admission to the hospital; and (v) with respect to tuition reimbursement or adoption assistance, upon completion of the requirements for such reimbursement or assistance, whichever is applicable.

“Law” has the meaning set forth in the Separation and Distribution Agreement.

“Local Closing Transaction” means the local closing transaction involving a Deferred AbbVie Local Business.

“LTD Participant” means a Former Employee who is either an Abbott LTD Participant or an AbbVie LTD Participant.

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“Non-U.S. Abbott Benefit Plan” means an Abbott Benefit Plan established, maintained, or contributed to by the Abbott Group that is for the benefit of Employees or Former Employees who work primarily outside of the United States.

“Non-U.S. AbbVie Benefit Plan” means an AbbVie Benefit Plan established, maintained, or contributed to by the AbbVie Group that is for the benefit of Employees or Former Employees who work primarily outside of the United States.

“Non-U.S. AbbVie Employee” means an AbbVie Employee who works primarily outside of the United States or primarily in Puerto Rico.

“Notice” means any written notice, request, demand or other communication specifically referencing this Agreement and given in accordance with [Section 8.12](#).

“Parties” means the parties to this Agreement.

“Pension Plan for Former BASF and Former Solvay Employees” means the Abbott Laboratories Pension Plan for Former BASF and Former Solvay Employees.

“Person” has the meaning set forth in the Separation and Distribution Agreement.

“Post-Distribution AbbVie Employee” means an AbbVie Employee whose intended transfer from the Abbott Group to the AbbVie Group in connection with the Distribution is to occur after the Distribution Date.

“PR Health and Welfare Plans” means any and all Benefit Plans established or maintained to provide, for Employees or Former Employees who work primarily in Puerto Rico or their beneficiaries, through the purchase of insurance or otherwise, medical, dental, prescription, vision, short-term disability, long-term disability, death benefits, life insurance, accidental death and dismemberment insurance, business travel accident insurance, employee assistance program, group legal services, wellness, cafeteria (including premium payment, health care flexible spending account, and dependent care flexible spending account components), travel reimbursement, transportation, vacation benefits, apprenticeship or other training programs, day care centers, or prepaid legal services benefits, including any “employee welfare benefit plan” (as defined in ERISA Section 3(1)) that is not a severance plan.

“Proceeding” has the meaning set forth in the Separation and Distribution Agreement.

“Purchase Cycle” has the meaning set forth in the Abbott ESPP.

“Purchase Date” has the meaning set forth in the Abbott ESPP.

“QDRO” means a qualified domestic relations order within the meaning of ERISA Section 206(d) and Code Section 414(p).

“Rehired Employee” means (i) a Transferred Employee who terminates employment with the AbbVie Group after the Distribution Date (or, with respect to a Post-Distribution AbbVie Employee employed by a Deferred AbbVie Local Business, after the

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consummation of the applicable Local Closing Transaction) and is subsequently rehired by the Abbott Group during the Transition Period (including an individual whose employment is transferred pursuant to the procedures contemplated by [Section 2.04\(b\)](#)); (ii) an Abbott Retained Employee who terminates employment with the Abbott Group after the Distribution Date and is subsequently hired by the AbbVie Group during the Transition Period (including an individual whose employment is transferred pursuant to the procedures contemplated by [Section 2.04\(b\)](#)); or (iii) a Former Employee who commences employment with the Abbott Group or the AbbVie Group during the Transition Period.

“Securities Act” means the U.S. Securities Act of 1933, as amended.

“Separation” has the meaning set forth in the Separation and Distribution Agreement.

“Separation and Distribution Agreement” means the Separation and Distribution Agreement by and between the Parties, dated as of November 28, 2012.

“Subsidiary” has the meaning set forth in the Separation and Distribution Agreement.

“Third Party” has the meaning set forth in the Separation and Distribution Agreement.

“Transfer Date” means, with respect to each (i) AbbVie Employee (other than a Post-Distribution AbbVie Employee), the Distribution Date; (ii) Post-Distribution AbbVie Employee, the date on which such person first becomes employed by the AbbVie Group following the Distribution Date; and (iii) LTD Participant, where the Transfer Date concept is relevant, the Distribution Date.

“Transferred Employee” has the meaning set forth in Section 2.02(a)(i).

“Transferred Flexible Spending Account Balances” has the meaning set forth in Section 5.01(d)(iii).

“Transferred Non-U.S. Employee” means a Transferred Employee who works primarily outside of the United States or primarily in Puerto Rico.

“Transition Period” means the period beginning on the Distribution Date and ending on the date that is the 30-month anniversary of the Distribution Date.

“U.S. Transition Services Agreement” has the meaning set forth in the Separation and Distribution Agreement.

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## ARTICLE II GENERAL PRINCIPLES

### Section 2.01. Allocation of EMA Liabilities.

(a) *AbbVie EMA Liabilities.* Effective as of the Effective Time, and except as expressly provided in this Agreement, AbbVie hereby assumes (or retains) and agrees to pay, perform, fulfill, and discharge, or to cause the applicable AbbVie Subsidiaries to assume (or retain) and agree to pay, perform, fulfill and discharge, all EMA Liabilities to the extent relating to, arising out of, or resulting from:

(i) the employment (or termination of employment) of any AbbVie Employee by the Abbott Group up to the applicable Transfer Date and by the AbbVie Group on and after the applicable Transfer Date (including, in each case, all EMA Liabilities relating to, arising out of, or resulting from Employment Taxes, any Abbott Benefit Plan or any AbbVie Benefit Plan);

(ii) the employment (or termination of employment) of any AbbVie Former Employee (including, in each case, all EMA Liabilities relating to, arising out of, or resulting from Employment Taxes, any Abbott Benefit Plan or any AbbVie Benefit Plan); and

(iii) obligations, EMA Liabilities, and responsibilities expressly assumed or retained by AbbVie or the applicable AbbVie Subsidiaries pursuant to this Agreement.

(b) *Abbott EMA Liabilities.* Effective as of the Effective Time, and except as expressly provided in this Agreement, Abbott hereby retains (or assumes) and agrees to pay, perform, fulfill, and discharge, or to cause the applicable Abbott Subsidiaries to assume (or retain) and agree to pay, perform, fulfill and discharge, all EMA Liabilities to the extent relating to, arising out of, or resulting from:

(i) the employment (or termination of employment) of any Abbott Retained Employee by the Abbott Group prior to, on, or after the Distribution Date (including all EMA Liabilities to the extent relating to, arising out of, or resulting from Employment Taxes or any Abbott Benefit Plan);

(ii) the employment (or termination of employment) of any Abbott Former Employee (including all EMA Liabilities to the extent relating to, arising out of, or resulting from Employment Taxes or any Abbott Benefit Plan); and

(iii) obligations, EMA Liabilities, and responsibilities expressly retained or assumed by Abbott or the applicable Abbott Subsidiaries pursuant to this Agreement.

(c) *Other EMA Liabilities.* To the extent that this Agreement does not address particular EMA Liabilities and the Parties later determine that they should be allocated in

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connection with the Separation, the Parties shall agree in good faith on the allocation, taking into account the handling of comparable EMA Liabilities under this Agreement.

### Section 2.02. Employment with AbbVie.

(a) *Employment Transfers.* The Parties intend for AbbVie Employees to transfer to the AbbVie Group and shall use commercially reasonable efforts and cooperate with each other to effectuate this intent. The Parties shall cooperate in good faith to identify clearly the Employees designated for transfer to the AbbVie Group.

(i) Except as otherwise mutually agreed upon by the Parties, as of each AbbVie Employee's Transfer Date, the AbbVie Group shall: (A) continue to employ (on a basis consistent with Section 2.02(b)) each AbbVie Employee employed in a jurisdiction where employment continues automatically by operation of Law (and such individual does not object, where such right exists under applicable Law); and (B) offer to employ (on a basis consistent with Section 2.02(b)) each AbbVie Employee employed in a jurisdiction where employment does not continue automatically by operation of Law. Each AbbVie Employee who accepts an offer of employment with the AbbVie Group, or who continues employment with the AbbVie Group following his or her Transfer Date automatically by operation of Law (and does not object where such right exists under applicable Law), as the case may be, including each Post-Distribution AbbVie Employee who so accepts an offer or so continues employment, will be referred to in this Agreement as a “Transferred Employee.”

(ii) The Abbott Group may terminate the employment of any AbbVie Employee who does not become a Transferred Employee as of his or her intended Transfer Date. AbbVie will be responsible for, and will indemnify the Abbott Group from and against, any EMA Liabilities incurred (including any severance payments made): (A) in connection with the termination of an AbbVie Employee pursuant to this Section 2.02(a)(ii); and (B) arising from or in connection with a refusal by any AbbVie Employee to become a Transferred Employee.

(b) *Compensation and Benefits.*

(i) Abbott shall use commercially reasonable efforts to provide that, except as otherwise mutually agreed upon by the Parties, no transfer of employment of an AbbVie Employee to the AbbVie Group prior to the Distribution Date will cause such AbbVie Employee to lose coverage under any Abbott Benefit Plan prior to the Distribution Date. Except as expressly provided in this Agreement or in local Conveyance and Assumption Instruments, no Transferred Employee shall participate in any Abbott Benefit Plan following his or her Transfer Date.

(ii) Except as expressly provided in this Agreement, the AbbVie Group shall provide to each Transferred Employee as of his or her Transfer Date (A) base salary at the same rate as provided to that Transferred Employee immediately prior to the Transfer Date, (B) cash incentive compensation opportunities that are substantially similar to those offered under the corresponding Abbott Benefit Plan(s) immediately prior to the Transfer Date, and (C) benefits under the other AbbVie Benefit Plans that are substantially

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similar to benefits provided under the corresponding Abbott Benefit Plans immediately prior to the Transfer Date. Nothing in the preceding sentence shall prevent the AbbVie Group from modifying the compensation and benefits of a Transferred Employee after such Transferred Employee's Transfer Date. Notwithstanding the preceding sentence, neither Abbott nor AbbVie shall, prior to December 31, 2013, materially modify the benefit programs provided to their respective Employees working primarily in the United States and Puerto Rico except in the ordinary course of business or as required by Law.

(c) *Service Credit.* Except as otherwise expressly provided in this Agreement or to the extent it would result in a duplication of benefits, (i) AbbVie and each AbbVie Benefit Plan shall give each Transferred Employee and each AbbVie LTD Participant credit for all service with the Abbott Group and shall calculate such service as it would be calculated by Abbott or under the corresponding Abbott Benefit Plan as of the applicable Transfer Date, and (ii) Abbott and each Abbott Benefit Plan shall give each Rehired Employee employed by Abbott credit for service with the AbbVie Group (as contemplated under Section 2.04) and shall calculate such service as it would be calculated by AbbVie or under the corresponding AbbVie Benefit Plan as of the rehire date.

### Section 2.03. Establishment of AbbVie Plans.

(a) *Generally.*

(i) *U.S (Not Including Puerto Rico)*. Prior to the Distribution Date, AbbVie shall adopt Benefit Plans (and related trusts, if applicable, as determined by the Parties) with terms substantially similar to those of the corresponding Abbott Benefit Plans, including in particular those listed in [Schedule 2.03\(a\)](#); provided, however, that AbbVie may limit participation in any AbbVie Benefit Plan to Transferred Employees and, to the extent applicable, AbbVie LTD Participants who participated in the corresponding Abbott Benefit Plan immediately prior to the applicable Transfer Date.

(ii) *Non-U.S (Not Including Puerto Rico)*. Prior to the Distribution Date, the AbbVie Group shall, except as otherwise mutually agreed upon by the Parties, adopt Non-U.S. AbbVie Benefit Plans, with terms substantially similar to those of the corresponding Non-U.S. Abbott Benefit Plans; provided, however, that AbbVie may limit participation in any Non-U.S. AbbVie Benefit Plan to Transferred Non-U.S. Employees and, to the extent applicable, AbbVie LTD Participants who participated in the corresponding Non-U.S. Abbott Benefit Plan immediately prior to the applicable Transfer Date. As described in [Article IV](#), or as otherwise mutually agreed upon by the Parties from time to time, Abbott shall, or shall cause the applicable Abbott Subsidiaries or the applicable Non-U.S. Abbott Benefit Plan's related trust to, transfer to the AbbVie Group or the relevant Non-U.S. AbbVie Benefit Plan's related trust, an amount equal to the trust Assets, insurance reserves, and other Assets of each Non-U.S. Abbott Benefit Plan relating to the EMA Liabilities of such Non-U.S. Abbott Benefit Plan assumed by AbbVie or such Non-U.S. AbbVie Benefit Plan. As described in [Article IV](#), or as otherwise mutually agreed upon by the Parties from time to time, the AbbVie Group shall, or shall cause the relevant Non-U.S. AbbVie Benefit Plan to, assume the EMA Liabilities of the corresponding Non-U.S. Abbott Benefit Plan with respect to all benefits

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accrued under that Non-U.S. Abbott Benefit Plan by Transferred Non-U.S. Employees and, to the extent applicable, AbbVie LTD Participants.

(iii) *Puerto Rico*. The establishment of Benefit Plans and the allocation of Assets and EMA Liabilities relating to Employees and Former Employees in Puerto Rico are set forth in [Article VII](#).

(b) *Plan Information and Operation*. Abbott shall provide AbbVie with information describing each Abbott Benefit Plan election made by a Transferred Employee or by an AbbVie LTD Participant that may have application following the applicable Transfer Date. AbbVie shall determine, in its sole discretion, whether to administer the AbbVie Benefit Plans using those elections or to require Transferred Employees or AbbVie LTD Participants to submit new elections with respect to the AbbVie Benefit Plans. Except as provided in this Agreement, the Distribution and the transfer of any Employee's employment to the AbbVie Group shall not cause a distribution from or payment of benefits under any Abbott Benefit Plan. Each Party shall, upon reasonable request, provide the other Party and the other Party's respective Affiliates, agents, and vendors all information reasonably necessary to the other Party's operation or administration of its Benefit Plans.

#### Section 2.04. Post-Distribution Employment Transfers.

(a) *No-Hire*. The Parties agree that, during the Transition Period, neither Party nor any of such Party's Affiliates shall hire an Employee of the other Party and its Affiliates without the express written consent of each Party's head of human resources (or such individual's delegate). This [Section 2.04\(a\)](#) shall not be construed as a limitation on the transfer to the AbbVie Group of any Post-Distribution AbbVie Employee, on transfers in accordance with [Section 2.04\(b\)](#), or on the ability of a Party to hire an individual who is no longer employed by the other Party.

(b) *Transition Period Transfers by Mutual Agreement*. The Parties recognize that, during the Transition Period, they may determine it to be in their mutual best interests to transfer an individual classified as an Abbott Retained Employee to the AbbVie Group or to transfer an individual classified as a Transferred Employee to the Abbott Group. With the express written consent of each Party's head of human resources (or such individual's delegate), such Abbott Retained Employee's or Transferred Employee's, as applicable, employment will be terminated by the Abbott Group or the AbbVie Group, as applicable, and such Employee will be immediately hired by the other Party (such terminations and hires are referred to in this [Section 2.04\(b\)](#) as "transfers"). Abbott Retained Employees (with such status being determined as of immediately following the Distribution Date) who are subsequently transferred to the AbbVie Group pursuant to this [Section 2.04\(b\)](#) shall be treated as Abbott Retained Employees for all purposes hereof during their time as Employees of the Abbott Group until their actual transfer to the AbbVie Group, upon and following which the Parties shall use commercially reasonable efforts to provide that they are treated as Transferred Employees for all purposes hereof. Transferred Employees (with such status being determined as of immediately following the applicable Transfer Date) who are subsequently transferred to the Abbott Group pursuant to this [Section 2.04\(b\)](#) shall be treated as Transferred Employees for all purposes hereof during their time as Employees of the AbbVie Group until their actual transfer to the Abbott Group, upon and following which the Parties shall use commercially reasonable efforts to provide that they are

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treated as Abbott Retained Employees for all purposes hereof. Without limiting the generality of the foregoing, except as provided in [Section 2.02\(c\)](#), each Rehired Employee whose employment is transferred pursuant to this [Section 2.04\(b\)](#) shall be deemed for all purposes to have been continuously employed by the applicable entity hiring such Employee for all prior periods of time that such Employee was employed by either the Abbott Group or the AbbVie Group. Nothing in this paragraph requires (i) the hiring Party to make whole any Rehired Employee if such Employee leaves behind unvested equity awards that were granted after the Distribution Date, or (ii) the former employer to waive vesting requirements with respect to any unvested equity awards held by any Rehired Employee that were granted after the Distribution Date.

(c) *Rehired Employees*. Except as provided in [Section 3.01\(b\)\(ii\)](#), each Rehired Employee whose rehiring does not occur in connection with a transfer pursuant to [Section 2.04\(b\)](#) shall be subject to the hiring Party's general rules and Benefit Plan terms applicable to rehires. Such Rehired Employee shall be deemed, for purposes of applying such rules, including break-in-service and service crediting rules, except as provided in [Section 2.02\(c\)](#), to have been employed by the applicable entity hiring him or her for all prior periods of time that he or she was employed by either the Abbott Group or the AbbVie Group.

(d) *Certain Pension Liabilities Associated With Rehired Employees*. The Parties shall use commercially reasonable efforts to provide that the Assets and EMA Liabilities associated with the participation of any Rehired Employee (whether or not transferred in accordance with [Section 2.04\(b\)](#)) in the defined benefit pension plans of the AbbVie Group and the Abbott Group shall be transferred to the defined benefit pension plan sponsored by the entity (or by its applicable Affiliate) that rehires such Employee during the Transition Period.

(e) *Post-Distribution Employment in Deferred AbbVie Local Businesses*. The following provisions shall apply to the Deferred AbbVie Local Businesses:

(i) During the period commencing on the Distribution Date and ending on the consummation of the applicable Local Closing Transaction, Abbott shall, or shall cause its appropriate Affiliate to:

(A) provide AbbVie or its appropriate Affiliate with at least 30 days' advance written notice prior to (1) terminating the employment of an AbbVie Employee, unless such termination of employment is the result of a violation of the Abbott Code of Business Conduct or other misconduct or is pursuant to [Section 2.02\(a\)\(ii\)](#); (2) making any material amendment to the Abbott Code of Business Conduct or other policies applicable to the employment of an AbbVie Employee; (3) making any substantive change to the employment contract of an AbbVie Employee unless such change is required by applicable Law; (4) making any change to the base salary of an AbbVie Employee, other than an increase within the budget approved by AbbVie based on the Employee's performance rating; (5) giving a performance rating other than Achieved Expectations (AE) to an AbbVie Employee grade 18 or higher; (6) changing the job grade of an AbbVie Employee; (7) making any substantive change in the plan design of an Abbott Benefit Plan in which an AbbVie Employee participates; or (8) making any other modification to an Abbott Benefit Plan in which an AbbVie

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Employee participates if such modification would result in a significant change in the cost of such plan to the employer or the participant; and

(B) obtain the approval of AbbVie or its appropriate Affiliate prior to (1) hiring any individual who will be classified as an AbbVie Employee unless such headcount was authorized prior to the Distribution Date; (2) promoting any AbbVie Employee to a position in job grade 18 or higher unless such promotion was authorized prior to the Distribution Date; or (3) making any substantive change to annual goals or cash incentive compensation opportunities for an AbbVie Employee.

(ii) Except as otherwise mutually agreed upon by the Parties (such as in a Conveyance and Assumption Instrument or other agreement), if an AbbVie Employee's transfer of employment to the AbbVie Group upon the consummation of a Local Closing Transaction causes, at the time of such transfer, a forfeiture of awards granted under an Abbott Stock Program (or successor thereto) after the Distribution Date, Abbott shall not have any obligation, EMA Liability or responsibility to such AbbVie Employee with respect to such forfeited awards, and AbbVie shall equitably compensate the affected AbbVie Employee for such forfeited awards in a manner determined by AbbVie in its sole discretion. The foregoing sentence shall not preclude the Parties from making arrangements, if allowed by the Abbott Stock Program (or successor thereto) and applicable Law, to permit affected AbbVie Employees to continue to hold, after the Local Closing Transaction, awards granted under an Abbott Stock Program (or successor thereto) after the Distribution Date.

Section 2.05. Collective Bargaining. AbbVie shall cause the appropriate member of the AbbVie Group to assume all EMA Liabilities arising under any collective bargaining agreement (including but not limited to any national, sector or local collective bargaining agreement) with respect to any Transferred Non-U.S. Employee. To the extent necessary, AbbVie shall cause the appropriate member of the AbbVie Group to join any industrial, employer or similar association or federation if membership is required for the relevant collective bargaining agreement to continue to apply.

Section 2.06. Distributorship Model. In the event that AbbVie operates any Deferred AbbVie Local Business through a local distributor rather than through an Affiliate, AbbVie agrees to use commercially reasonable efforts to cause such local distributor to employ the AbbVie Employees on similar terms and conditions of employment.

Section 3.01. AbbVie Pension Plan.

(a) *Establishment of AbbVie Pension Plan.* Effective as of or before the Distribution Date, AbbVie shall establish the AbbVie Pension Plan, which shall be substantially similar to, and shall include a benefit formula that is the same as the benefit formula in effect under, the Abbott ARP as of the Distribution Date. As soon as practicable after the Distribution

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Date and upon receipt by Abbott of (i) a copy of the AbbVie Pension Plan; (ii) copies of certified resolutions of the AbbVie Board (or its authorized committee or other delegate) evidencing adoption of the AbbVie Pension Plan and any related trust(s) and the assumption by the AbbVie Pension Plan of the EMA Liabilities described in Section 3.01(b); and (iii) either (A) a favorable determination letter issued by the Internal Revenue Service with respect to the AbbVie Pension Plan and any related trust, or (B) an opinion of counsel, which counsel and opinion are reasonably satisfactory to Abbott, with respect to the qualified status of the AbbVie Pension Plan under Code Section 401(a) and the tax-exempt status of any related trust under Code Section 501(a), Abbott shall direct the trustee of the Abbott Trust to transfer from the portion of the Abbott Trust that holds assets of the Abbott ARP to the portion of the Abbott Trust that holds assets of the AbbVie Pension Plan the amounts described in Section 3.01(b).

(b) *ERISA Section 4044 Transfer.*

(i) As of the Distribution Date, AbbVie shall cause the AbbVie Pension Plan to accept Assets and assume all EMA Liabilities under the Abbott ARP for Transferred Employees (other than Post-Distribution AbbVie Employees) and AbbVie LTD Participants (including Assets and EMA Liabilities in respect of beneficiaries and/or alternate payees) and the Abbott ARP shall transfer all such Assets and be relieved of such EMA Liabilities. The amount of Assets to be transferred from the Abbott ARP to the AbbVie Pension Plan in such transfer (or transfers) shall be determined as of the Distribution Date in accordance with, and shall comply with, Code Section 414(l) and, to the extent deemed applicable by the Parties, ERISA Section 4044, and shall take into account the transfer (or transfers) of Assets described in Section 3.02(b). Assumptions used to determine the value (or amount) of the Assets to be transferred shall be the safe harbor assumptions specified for valuing benefits in trustee plans under Department of Labor Regulations Section 4044.51-57 and, to the extent not so specified, shall be based on the assumptions used in the annual valuation report most recently prepared prior to the transfer by the actuary for the Abbott ARP. The transfer amount described above shall be credited or debited, as applicable, with a pro rata share of the actual investment earnings or losses allocable to the transfer amount for the period between the Distribution Date and an assessment date set by Abbott that is as close as practicable, taking into account the timing and reporting of valuation of assets in the Abbott Trust, to the date upon which Assets equal in value to the transfer amount are actually transferred from the Abbott ARP to the AbbVie Pension Plan. During the time prior to such transfer, benefits for Transferred Employees who terminate employment with the AbbVie Group and for AbbVie LTD Participants shall be paid from the Abbott ARP. The ultimate transfer amount shall be reduced by the amount of these benefits and credited or debited by the actual investment earnings or losses from the payment date to the assessment date set by Abbott above. In addition, during this period, AbbVie will be responsible for a pro rata share of trustee and administration fees attributable to the AbbVie Pension Plan assets that remain in the Abbott ARP. The entries in the Abbott ARP funding standard account shall be divided among the Abbott ARP, the AbbVie Pension Plan, and the Abbott-AbbVie MEPP based on the guidance provided in Revenue Ruling 81-212 and 86-47.

(ii) Periodically, at such times as agreed upon by the Parties after the transfer(s) described in Section 3.01(b)(i), (A) AbbVie shall cause the AbbVie Pension

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Plan to receive Assets and assume all EMA Liabilities under the Abbott ARP for Post-Distribution AbbVie Employees and other Employees who cease to be employed by Abbott after the Distribution Date and become employed by AbbVie during the Transition Period (including Assets and EMA Liabilities in respect of beneficiaries and/or alternate payees) and the Abbott ARP shall transfer all such Assets and be relieved of such EMA Liabilities, and (B) Abbott shall cause the Abbott ARP to receive Assets and assume all EMA Liabilities under the AbbVie Pension Plan for Employees who cease to be employed by AbbVie after the Distribution Date and become employed by Abbott during the Transition Period (including Assets and EMA Liabilities in respect of beneficiaries and/or alternate payees) and the AbbVie Pension Plan shall transfer all such Assets and be relieved of such EMA Liabilities. The amount of such Assets to be transferred shall be determined as provided in Section 3.01(b)(i), and shall be subject to the applicable provisions of Section 3.01(b)(i).

(c) *AbbVie Pension Plan Provisions.* The AbbVie Pension Plan shall provide that:

(i) Transferred Employees and AbbVie LTD Participants shall (A) be eligible to participate in the AbbVie Pension Plan as of the applicable Transfer Date to the extent they were eligible to participate in the Abbott ARP as of the applicable Transfer Date, and (B) receive credit for vesting, eligibility and benefit service for all service credited for those purposes under the Abbott ARP as of the applicable Transfer Date as if that service had been rendered to AbbVie;

(ii) the compensation paid by the Abbott Group to a Transferred Employee or an AbbVie LTD Participant that is recognized under the Abbott ARP as of the applicable Transfer Date shall be credited and recognized for all applicable purposes under the AbbVie Pension Plan as though it were compensation from the AbbVie Group;

(iii) the accrued benefit of each Transferred Employee and each AbbVie LTD Participant under the Abbott ARP as of the applicable Transfer Date shall be payable under the AbbVie Pension Plan at the time and in a form that would have been permitted under the Abbott ARP as in effect as of the applicable Transfer Date, with employment by the Abbott Group prior to the applicable Transfer Date treated as employment by the AbbVie Group under the AbbVie Pension Plan for purposes of determining eligibility for optional forms of benefit, early retirement benefits, or other benefit forms;

(iv) the AbbVie Pension Plan shall assume and honor the terms of all QDROs in effect under the Abbott ARP as of the Transfer Date with respect to Transferred Employees and AbbVie LTD Participants; and

(v) no Assets shall be transferred from the Code Section 401(h) account in the Abbott ARP to the AbbVie Pension Plan.

(d) *Determination Letter Request.* AbbVie shall submit an application to the Internal Revenue Service as soon as practicable after the Distribution Date (but no later than the last day of the remedial amendment period as defined in applicable Code provisions) for a

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determination letter regarding the qualification of the AbbVie Pension Plan and the tax status of its related trust as of the Distribution Date and shall make any amendments reasonably requested by the Internal Revenue Service to receive a favorable determination letter regarding the AbbVie Pension Plan.

(e) *Abbott ARP after Distribution Date.* From and after the Distribution Date, (i) the Abbott ARP shall continue to be responsible for EMA Liabilities in respect of Abbott Retained Employees and Abbott LTD Participants, and (ii) no Employees of the AbbVie Group (other than Post-Distribution AbbVie Employees) shall accrue any benefits under the Abbott ARP. Without limiting the generality of the foregoing, Transferred Employees and AbbVie LTD Participants shall cease to be active participants in the Abbott ARP effective as of the applicable Transfer Date.

(f) *Plan Fiduciaries.* For all periods after the Distribution Date, the Parties agree that the applicable fiduciaries of each of the Abbott ARP and the AbbVie Pension Plan, respectively, shall have the authority with respect to the Abbott ARP and the AbbVie Pension Plan, respectively, to determine the plan investments and such other matters as are within the scope of their duties under ERISA Section 404. Unless and until the applicable fiduciaries of the AbbVie Pension Plan determine that it is desired to invest the Assets of the AbbVie Pension Plan in a separate trust, the Assets of the AbbVie Pension Plan shall be invested through the Abbott Trust. At such time as the applicable fiduciaries of the AbbVie Pension Plan determine that it is desired to invest the Assets of the AbbVie Pension Plan in a separate trust, Abbott shall direct the trustee of the Abbott Trust to transfer from the Abbott Trust to the trust(s) which forms a part of the AbbVie Pension Plan Assets equal in value to the Assets of AbbVie Pension Plan, with the composition of such assets to be mutually determined by the applicable fiduciaries of the AbbVie Pension Plan, the Abbott-AbbVie MEPP and the Abbott Trust.

(g) *No Loss of Unvested Benefits; No Distributions.* The transfer of any Transferred Employee's employment to the AbbVie Group will not result in loss of that Transferred Employee's unvested benefits under the Abbott ARP or the AbbVie Pension Plan and no Transferred Employee shall be entitled to a distribution of his or her benefit under the Abbott ARP as a result of such transfer of employment.

Section 3.02. Abbott-AbbVie Multiple Employer Pension Plan.

(a) *Establishment of Abbott-AbbVie MEPP.* Effective as of or before the Distribution Date, the Parties shall establish the Abbott-AbbVie MEPP, which shall provide benefits for Former Employees (other than LTD Participants) participating in the Abbott ARP immediately prior to the Distribution Date. The benefits provided by the Abbott-AbbVie MEPP to a Former Employee shall be the same as those the Former Employee would have received or is receiving under the Abbott ARP as of the Distribution Date. As soon as practicable after the Distribution Date and upon (i) receipt by (A) AbbVie of copies of certified resolutions of the Abbott Board (or its authorized committee or other delegate) evidencing adoption of the Abbott-AbbVie MEPP and any related trust(s), and (B) Abbott of copies of certified resolutions of the AbbVie Board (or its authorized committee or other delegate) evidencing adoption of the Abbott-AbbVie MEPP and any related trust(s); and (ii) issuance of either (A) a favorable determination letter by the Internal Revenue Service with respect to the Abbott-AbbVie MEPP and any related trust, or (B) an opinion of counsel, which counsel and opinion are reasonably



satisfactory to the other of Abbott or AbbVie, with respect to the qualified status of the Abbott-AbbVie MEPP under Code Section 401(a) and the tax-exempt status of any related trust under Code Section 501(a), Abbott shall direct the trustee of the Abbott Trust to transfer from the portion of the Abbott Trust that holds assets of the Abbott ARP to the portion of the Abbott Trust that holds assets of the Abbott-AbbVie MEPP the amounts described in Section 3.02(b).

(b) *ERISA Section 4044 Transfer.*

(i) As of the Distribution Date, the Parties shall cause the Abbott-AbbVie MEPP to accept Assets and assume all EMA Liabilities under the Abbott ARP for Former Employees (other than LTD Participants) who were participating in the Abbott ARP as of immediately prior to the Distribution Date (including Assets and EMA Liabilities in respect of beneficiaries and/or alternate payees established in relation to such Former Employees) and the Abbott ARP shall transfer all such Assets and be relieved of such EMA Liabilities. The amount of Assets to be transferred from the Abbott ARP to the Abbott-AbbVie MEPP in such transfer (or transfers) shall be determined as of the Distribution Date in accordance with, and shall comply with, Code Section 414(l) and, to the extent deemed applicable by the Parties, ERISA Section 4044, and shall take into account the transfer (or transfers) of Assets described in Section 3.01(b). Assumptions used to determine the value of the Assets to be transferred shall be the safe harbor assumptions specified for valuing benefits in trustee plans under Department of Labor Regulations Section 4044.51-57 and, to the extent not so specified, shall be based on the assumptions used in the annual valuation report most recently prepared prior to the transfer by the actuary for the Abbott ARP. The transfer amount described above shall be credited or debited, as applicable, with a pro rata share of the actual investment earnings or losses allocable to the transfer amount for the period between the Distribution Date and an assessment date set by Abbott that is as close as practicable, taking into account the timing and reporting of valuation of assets in the Abbott Trust, to the date upon which Assets are equal in value to the transfer amount actually transferred from the Abbott ARP to the Abbott-AbbVie MEPP. During the time prior to such transfer, benefits for Former Employees shall be paid from the Abbott ARP. The ultimate transfer amount shall be reduced by the amount of these benefits payable to Former Employees who are not LTD Participants and credited or debited by the actual investment earnings or losses from the payment date to the assessment date set by Abbott above. In addition, during this period, each Party will be responsible for a pro rata share of trustee and administration fees attributable to the Abbott-AbbVie MEPP assets that remain in the Abbott ARP. The entries in the Abbott ARP funding standard account shall be divided among the Abbott ARP, the AbbVie Pension Plan, and the Abbott-AbbVie MEPP based on the guidance provided in Revenue Rulings 81-212 and 86-47.

(ii) Periodically, at such times as agreed upon by the Parties after the transfer(s) described in subparagraph (i) above, (A) AbbVie shall cause the AbbVie Pension Plan to receive Assets and assume all EMA Liabilities under the Abbott-AbbVie MEPP for participants in the Abbott-AbbVie MEPP who become employed by AbbVie during the Transition Period (including Assets and EMA Liabilities in respect of beneficiaries and/or alternate payees) and the Abbott-AbbVie MEPP shall transfer all such Assets and be relieved of such EMA Liabilities, and (B) Abbott shall cause the

Abbott ARP to receive Assets and assume all EMA Liabilities under the Abbott-AbbVie MEPP for participants in the Abbott-AbbVie MEPP who become employed by Abbott during the Transition Period (including Assets and EMA Liabilities in respect of beneficiaries and/or alternate payees) and the Abbott-AbbVie MEPP shall transfer all such Assets and be relieved of such EMA Liabilities. The amount of such Assets to be transferred shall be determined as provided in Section 3.02(b)(i) and shall be subject to the applicable provisions of Section 3.02(b)(i).

(c) *Abbott-AbbVie MEPP Provisions.* The Abbott-AbbVie MEPP shall provide that:

(i) the benefit of each Former Employee participating in the Abbott-AbbVie MEPP shall be such Former Employee's accrued benefit under the Abbott ARP immediately prior to the Distribution Date;

(ii) the accrued benefit of each Former Employee participating in the Abbott ARP as of the Distribution Date shall be paid under the Abbott-AbbVie MEPP at the time and in a form that would have been permitted under the Abbott ARP as in effect as of the Distribution Date;

(iii) the Abbott-AbbVie MEPP shall assume and honor the terms of all QDROs in effect under the Abbott ARP as of the Distribution Date with respect to participating Former Employees;

(iv) certain individuals who were previously employed by TAP Pharmaceutical Products Inc. who are participating in the Abbott ARP as of immediately prior to the Distribution Date shall continue to earn vesting and seniority service for purposes of the Abbott-AbbVie MEPP in accordance with Supplement E of the Abbott ARP as in effect on the Distribution Date; and

(v) no assets shall be transferred from the Code Section 401(h) Account in the Abbott ARP to the Abbott-AbbVie MEPP.

(d) *Determination Letter Request.* The Parties shall cooperate and submit an application to the Internal Revenue Service as soon as practicable after the Distribution Date (but no later than the last day of the remedial amendment period as defined in applicable Code provisions) for a determination letter regarding the qualification of the Abbott-AbbVie MEPP and the tax-exempt status of its related trust as of the Distribution Date and shall make any amendments reasonably requested by the Internal Revenue Service to receive a favorable determination letter regarding the Abbott-AbbVie MEPP.

(e) *Plan Fiduciaries.* The fiduciaries of the Abbott-AbbVie MEPP shall be appointed, and shall have such rights, duties, and responsibilities, as shall be determined by mutual agreement of the Parties as set forth in the applicable plan and trust documents for the Abbott-AbbVie MEPP. Unless and until the applicable fiduciaries of the Abbott-AbbVie MEPP determine that it is desired to invest the Assets of the Abbott-AbbVie MEPP in a separate trust, the Assets of the Abbott-AbbVie MEPP shall be invested through the Abbott Trust. At such time as the applicable fiduciaries of the Abbott-AbbVie MEPP determine that it is desired to

invest the Assets of the Abbott-AbbVie MEPP in a separate trust, Abbott shall direct the trustee of the Abbott Trust to transfer from the Abbott Trust to the trust(s) which forms a part of the Abbott-AbbVie MEPP Assets equal in value to the Assets of the Abbott-AbbVie MEPP, with the composition of such assets to be mutually determined by the applicable fiduciaries of the Abbott-AbbVie MEPP and the Abbott Trust.

(f) *Abbott-AbbVie MEPP after Distribution Date.* From and after the Distribution Date, no individual shall accrue any benefits under the Abbott-AbbVie MEPP. If a participant in the Abbott-AbbVie MEPP becomes employed by the Abbott Group or the AbbVie Group on or after the Distribution Date in a position that is eligible for pension plan participation, any additional pension accruals shall occur under the Abbott ARP or the AbbVie Pension Plan, as applicable.

Section 3.03. Stock Retirement/Savings Plan.

(a) *Establishment of AbbVie Savings Plan.* Effective as of or before the Distribution Date, AbbVie shall establish the AbbVie Savings Plan. As of the Distribution Date, the terms of the AbbVie Savings Plan shall be substantially similar to the terms of the Abbott SRP as of the Distribution Date (except as described in Section 3.03(f)). On or prior to the Distribution Date, AbbVie shall provide Abbott with (i) a copy of the AbbVie Savings Plan; (ii) a copy of certified resolutions of the AbbVie Board (or its authorized committee or other delegate) evidencing adoption of the AbbVie Savings Plan and the related trust(s) and the assumption by the AbbVie Savings Plan of the EMA Liabilities described in Section 3.03(b); and (iii) either (A) a favorable determination letter issued by the Internal Revenue Service with respect to the AbbVie Savings Plan and its related trust or (B) an opinion of counsel, which counsel and opinion are reasonably satisfactory to Abbott, with respect to the qualified status of the AbbVie Savings Plan under Code Section 401(a) and the tax-exempt status of its related trust under Code Section 501(a).

(b) *Transfer of Account Balances.* As soon as practicable after the Distribution Date, Abbott shall cause the trustee of the Abbott SRP to transfer from the trust(s) which forms a part of the Abbott SRP to the trust(s) which forms a part of the AbbVie Savings Plan amounts equal to the account balances of the Transferred Employees and the AbbVie LTD Participants (including account balances in respect of beneficiaries and alternate payees established in relation to such individuals) under the Abbott SRP, determined as of the date of the transfer. Such transfers shall be made in cash, Abbott Common Shares, shares of AbbVie Common Stock, promissory notes evidencing outstanding loans and other Assets or any combination thereof in cash or in kind, as instructed by the Abbott SRP Investment Committee. AbbVie shall cause the transferred amounts to be allocated among the Transferred Employees' and AbbVie LTD Participants' (and beneficiaries' and/or alternate payees', as applicable) AbbVie Savings Plan accounts and to such investment funds in the same manner in which those amounts were allocated under the Abbott SRP. Any Asset and EMA Liability transfers pursuant to this Section 3.03 shall comply in all respects with Code Sections 414(l) and 411(d)(6).

(c) *AbbVie Savings Plan Provisions.* The AbbVie Savings Plan shall provide that:

(i) Transferred Employees and AbbVie LTD Participants shall (A) be eligible to participate in the AbbVie Savings Plan as of the applicable Transfer Date to the extent they were eligible to participate in the Abbott SRP as of the applicable Transfer Date, and (B) receive credit for vesting purposes for all service credited for that purpose under the Abbott SRP as of the applicable Transfer Date as if that service had been rendered to AbbVie; and

(ii) the account balance of each Transferred Employee and AbbVie LTD Participant under the Abbott SRP as of the date of the transfer of Assets from the Abbott SRP (including any outstanding promissory notes) shall be credited to such individual's account balance under the AbbVie Savings Plan.

(d) *Determination Letter Request.* AbbVie shall submit an application to the Internal Revenue Service as soon as practicable following the Distribution Date (but no later than the last day of the remedial amendment period as defined in applicable Code provisions) for a determination regarding the qualification of the AbbVie Savings Plan and the tax-exempt status of its related trust as of the Distribution Date and shall make any amendments reasonably requested by the Internal Revenue Service to receive a favorable determination letter regarding the AbbVie Savings Plan.

(e) *Abbott SRP after Distribution Date.* From and after the Distribution Date, (i) the Abbott SRP shall continue to be responsible for EMA Liabilities in respect of Abbott Retained Employees and Former Employees (other than AbbVie LTD Participants), and (ii) no Employees of the AbbVie Group (other than Post-Distribution AbbVie Employees), shall accrue any benefits under the Abbott SRP. Without limiting the generality of the foregoing, Transferred Employees and AbbVie LTD Participants shall cease to be active participants in the Abbott SRP effective as of the applicable Transfer Date.

(f) *Plan Fiduciaries and Stock Considerations.* For all periods after the Distribution Date, the Parties agree that the applicable fiduciaries of each of the Abbott SRP and the AbbVie Savings Plan, respectively, shall have the authority with respect to the Abbott SRP and the AbbVie Savings Plan, respectively, to determine the investment alternatives, the terms and conditions with respect to those investment alternatives and such other matters as are within the scope of their duties under ERISA Section 404.

(g) *No Loss of Unvested Benefits; No Distributions.* The transfer of any Transferred Employee's employment to the AbbVie Group will not result in loss of that Transferred Employee's unvested benefits under the Abbott SRP or the AbbVie Savings Plan and no Transferred Employee shall be entitled to a distribution of his or her benefit under the Abbott SRP as a result of such transfer of employment.

(h) *Subsequent Transfers.* If, after the Distribution Date, a participant in the Abbott SRP becomes employed by the AbbVie Group or a participant in the AbbVie Savings Plan becomes employed by the Abbott Group, any additional allocations shall occur under the Abbott SRP or the AbbVie Savings Plan, as applicable. If such participant's employment by the Abbott Group or the AbbVie Group commences during the Transition Period, the Abbott SRP or the AbbVie Savings Plan, as applicable, shall transfer or permit the applicable participant to roll over a distribution of such participant's account (including any outstanding loans) from the

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AbbVie Savings Plan or the Abbott SRP, as applicable, all in accordance with the terms of the Abbott SRP and the AbbVie Savings Plan and/or plan administrative procedures, as applicable.

#### Section 3.04. Pension Plan for Former BASF and Former Solvay Employees.

(a) *Transfer of Plan Sponsorship to AbbVie.* As of the Distribution Date, AbbVie shall assume sponsorship of the Pension Plan for Former BASF and Former Solvay Employees. The plan and the related trust agreement shall be amended, effective as of the Distribution Date, to reflect such sponsorship and to make other changes to effectuate the sponsorship change. From and after the Distribution Date, the Pension Plan for Former BASF and Former Solvay Employees shall be responsible for EMA Liabilities in respect of Transferred Employees and Former Employees (other than Abbott LTD Participants).

(b) *Abbott Retention of Assets and Liabilities for Benefits Due to Abbott Retained Employees and Abbott LTD Participants.*

(i) As described in Section 3.04(b)(ii), Abbott shall retain all Assets and EMA Liabilities relating to, arising out of, or resulting from the Pension Plan for Former BASF and Former Solvay Employees with respect to Abbott Retained Employees and Abbott LTD Participants and their beneficiaries and/or alternate payees. Effective as of or before the Distribution Date, Abbott shall amend the Abbott ARP to incorporate the provisions necessary to document and provide for such benefits due to the affected Abbott Retained Employees and Abbott LTD Participants. From and after the Distribution Date (or, if later, the date on which the Assets and EMA Liabilities attributable to benefits for the Abbott Retained Employees and Abbott LTD Participants are transferred to the Abbott ARP), no Employees of the Abbott Group shall participate in or accrue any benefits under the Pension Plan for Former BASF and Former Solvay Employees.

(ii) As of the Distribution Date, Abbott shall cause the Abbott ARP to accept Assets and assume all EMA Liabilities under the Pension Plan for Former BASF and Former Solvay Employees for Abbott Retained Employees and Abbott LTD Participants (including Assets and EMA Liabilities in respect of beneficiaries and/or alternate payees) and the Pension Plan for Former BASF and Former Solvay Employees shall transfer all such Assets and be relieved of such EMA Liabilities. The amount of Assets to be transferred from the Pension Plan for Former BASF and Former Solvay Employees to the Abbott ARP in such transfer (or transfers) shall be determined as of the Distribution Date in accordance with, and shall comply with, Code Section 414(l) and, to the extent deemed applicable by the Parties, ERISA Section 4044. Assumptions used to determine the value of the Assets to be transferred shall be the safe harbor assumptions specified for valuing benefits in trustee plans under Department of Labor Regulations Section 4044.51-57 and, to the extent not so specified, shall be based on the assumptions used in the annual valuation report most recently prepared prior to the transfer by the actuary for the Pension Plan for Former BASF and Former Solvay Employees. The transfer amount described above shall be credited or debited, as applicable, with a pro rata share of the actual investment earnings or losses allocable to the transfer amount for the period between the Distribution Date and an assessment date set by Abbott that is as close as practicable, taking into account the timing and valuation of assets in the Abbott

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Trust, to the date upon which Assets equal in value to the transfer amount are actually transferred from the Pension Plan for Former BASF and Former Solvay Employees to the Abbott ARP. During the time prior to such transfer, benefits for Abbott Retained Employees who terminate employment with the Abbott Group and for Abbott LTD Participants shall be paid from the Pension Plan for Former BASF and Former Solvay Employees. The ultimate transfer amount shall be reduced by the amount of these benefits and credited or debited by the actual investment earnings or losses from the payment date to the assessment date set by Abbott above. In addition, during this period, Abbott will be responsible for a pro rata share of trustee and administration fees attributable to the Pension Plan for Former BASF and Former Solvay Employees assets that remain in the Abbott ARP. The entries in the Abbott ARP funding standard account shall be divided among the Abbott ARP and the Pension Plan for Former BASF and Former Solvay Employees based on the guidance provided in Revenue Ruling 81-212 and 86-47.

(iii) Periodically, at such times as agreed upon by the Parties after the transfer(s) described in Section 3.04(b)(ii), (A) AbbVie shall cause the Pension Plan for Former BASF and Former Solvay Employees to receive Assets and assume all EMA Liabilities under the Abbott ARP for any Abbott Retained Employees (and their beneficiaries and alternate payees) on whose behalf a transfer was made under Section 3.04(b)(ii) who cease to be employed by Abbott after the Distribution Date and become employed by AbbVie during the Transition Period (including Assets and EMA Liabilities in respect of beneficiaries and/or alternate payees) and the Abbott ARP shall transfer all such Assets and be relieved of such EMA Liabilities, and (B) Abbott shall cause the Abbott ARP to receive Assets and assume all EMA Liabilities under the Pension Plan for Former BASF and Former Solvay Employees for any Employees who cease to be employed by AbbVie after the Distribution Date and become employed by Abbott during the Transition Period (including Assets and EMA Liabilities in respect of beneficiaries and/or alternate payees) and the Pension Plan for Former BASF and Former Solvay Employees shall transfer all such Assets and be relieved of such EMA Liabilities. The amount of Assets to be transferred shall be determined as provided in Section 3.04(b)(ii) and shall be subject to the applicable provisions of Section 3.04(b)(ii).

(c) *Plan Fiduciaries.* For all periods after the Distribution Date, the Parties agree that the applicable fiduciaries of each of the Pension Plan for Former BASF and Former Solvay Employees and the Abbott ARP, respectively, shall have the authority with respect to the Pension Plan for Former BASF and Former Solvay Employees and the Abbott ARP, respectively, to determine the plan investments and such other matters as are within the scope of their duties under ERISA Section 404. Unless and until the applicable fiduciaries of the Pension Plan for Former BASF and Former Solvay Employees determine that it is desired to invest the Assets of the Pension Plan for Former BASF and Former Solvay Employees in a separate trust, the Assets of the Pension Plan for Former BASF and Former Solvay Employees shall be invested through the Abbott Trust. At such time as the applicable fiduciaries of the Pension Plan for Former BASF and Former Solvay Employees determine that it is desired to invest the Assets of the Pension Plan for Former BASF and Former Solvay Employees in a separate trust, Abbott shall direct the trustee of the Abbott Trust to transfer from the Abbott Trust to the trust(s) which forms a part of the Pension Plan for Former BASF and Former Solvay Employees Assets equal

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in value to the Assets of Pension Plan for Former BASF and Former Solvay Employees, with the composition of such assets to be mutually determined by the applicable fiduciaries of the Pension Plan for Former BASF and Former Solvay Employees and the Abbott Trust.

#### Section 3.05. Supplemental Pension Plan.

(a) *Establishment of AbbVie SERP.* Effective as of or before the Distribution Date, AbbVie shall establish the AbbVie SERP, with terms and funding arrangements substantially similar to those of the Abbott SERP as of the Distribution Date.

(b) *Assumption of SERP Liabilities and Transfer from Abbott SERP.* Except as provided below, as of a Transferred Employee's or an AbbVie LTD Participant's Transfer Date, AbbVie shall, and shall cause the AbbVie SERP to, assume all EMA Liabilities for all obligations under the Abbott SERP for the benefits of such individual (and any other individual on whose behalf EMA Liabilities are transferred from the Abbott ARP to the AbbVie Pension Plan under Section 3.01(b)(ii)(A)) and his or her beneficiaries and/or alternate payees determined as of the applicable Transfer Date, and Abbott and the Abbott SERP shall be relieved of all EMA Liabilities for those benefits. Abbott shall retain the EMA Liabilities for all obligations under the Abbott SERP for the benefits for Abbott Retained Employees and Former Employees (other than AbbVie LTD Participants) (and any other individual on whose behalf EMA Liabilities are transferred from the AbbVie Pension Plan to the Abbott ARP under Section 3.01(b)(ii)(B)), but shall share with AbbVie the cost of benefits provided to Former Employees (other than LTD Participants) in accordance with procedures mutually agreed to by the Parties.

(c) *AbbVie SERP Provisions.* As of the Distribution Date, the AbbVie SERP shall provide that:

(i) Transferred Employees and AbbVie LTD Participants shall (A) be eligible to participate in the AbbVie SERP to the extent they were eligible to participate in the Abbott SERP as of the applicable Transfer Date, and (B) receive credit for vesting, eligibility and benefit service for all service credited for those purposes under the Abbott SERP as of the Transfer Date as if that service had been rendered to AbbVie (provided that in the event that any such Transferred Employee or AbbVie LTD Participant receives a distribution from the Abbott SERP, the value of such distribution shall be offset against future benefits under the AbbVie SERP to the extent necessary to avoid a duplication of benefits, the terms of such offset to be set forth in the AbbVie SERP);

(ii) the compensation paid by the Abbott Group to a Transferred Employee or to an AbbVie LTD Participant that was recognized under the Abbott SERP as of the Transfer Date shall be credited and recognized for all applicable purposes under the AbbVie SERP as though it were compensation from the AbbVie Group;

(iii) the accrued benefit of each Transferred Employee and each AbbVie LTD Participant under the Abbott SERP as of the applicable Transfer Date shall be payable under the AbbVie SERP at the time and in a form that would have been permitted under the Abbott SERP as in effect as of such Transfer Date, with employment by the Abbott Group prior to the Transfer Date treated as employment by the AbbVie

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Group under the AbbVie SERP for purposes of determining eligibility for optional forms of benefit, early retirement benefits, or other benefit forms; and

(iv) the AbbVie SERP shall assume and honor the terms of all arrangements relating to beneficiaries and alternate payees in effect and honored under the Abbott SERP as of the applicable Transfer Date with respect to Transferred Employees and AbbVie LTD Participants.

(d) *Abbott SERP after Distribution Date.* From and after a Transferred Employee's or AbbVie LTD Participant's Transfer Date, such Transferred Employee or AbbVie LTD Participant shall not participate in or accrue any benefits under the Abbott SERP. Without limiting the generality of the foregoing, each Transferred Employee and AbbVie LTD Participant shall cease to participate in the Abbott SERP effective as of the applicable Transfer Date. The Abbott SERP shall continue to be responsible for EMA Liabilities in respect of Abbott Retained Employees and Former Employees (other than AbbVie LTD Participants) and their beneficiaries and/or alternate payees.

#### Section 3.06. Deferred Compensation Plan.

(a) *Establishment of AbbVie DCP.* Effective as of or before the Distribution Date, AbbVie shall establish the AbbVie DCP, with terms substantially similar to those of the Abbott DCP as of the Distribution Date.

(b) *Assumption of DCP Liabilities and Transfer from Abbott DCP.*

(i) As of a Transferred Employee's or an AbbVie LTD Participant's Transfer Date, AbbVie shall, and shall cause the AbbVie DCP to, assume all EMA Liabilities for all obligations under the Abbott DCP for the benefits of such individual and his or her beneficiaries and/or alternate payees, determined as of the applicable Transfer Date, and Abbott and the Abbott DCP shall be relieved of all EMA Liabilities for those benefits.

(ii) As of or as soon as practicable after the applicable Transfer Date, the Parties shall cooperate to cause the accounts of the applicable Transferred Employee or AbbVie LTD Participant participating in the Abbott DCP to be transferred to the AbbVie DCP. AbbVie shall (A) credit each such Transferred Employee's or AbbVie LTD Participant's account with (1) the amount deferred by such individual into the Abbott DCP as of the applicable Transfer Date, plus (2) any employer contributions, whether vested or unvested, deemed to have been made in relation to the amount described in (1), including, in each case, any earnings thereon, and (B) recognize and honor all deferral and distribution elections made by such individual (including any deferral election applicable to any bonus earned but not yet paid as of the applicable Transfer Date).

(c) *Abbott DCP after Distribution Date.* From and after a Transferred Employee's or an AbbVie LTD Participant's Transfer Date, such individual shall not participate in or accrue any benefits under the Abbott DCP. Without limiting the generality of the foregoing, each Transferred Employee or AbbVie LTD Participant shall cease to participate in

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the Abbott DCP effective as of his or her Transfer Date. The Abbott DCP shall continue to be responsible for EMA Liabilities in respect of Abbott Retained Employees and Former Employees (other than AbbVie LTD Participants) and their beneficiaries and/or alternate payees.

#### Section 3.07. Supplemental Savings Plan.

(a) *Establishment of AbbVie SSP.* Effective as of or before the Distribution Date, AbbVie shall establish the AbbVie SSP, with terms and funding arrangements substantially similar to those of the Abbott KSP as of the Distribution Date.

(b) *Assumption of KSP Liabilities and Transfer from Abbott KSP.*

(i) As of a Transferred Employee's or an AbbVie LTD Participant's Transfer Date, AbbVie shall, and shall cause the AbbVie SSP to, assume all EMA Liabilities for all obligations under the Abbott KSP for the benefits of such individual and his or her beneficiaries and/or alternate payees, determined as of such Transfer Date, and Abbott and the Abbott KSP shall be relieved of all EMA Liabilities for those benefits.

(ii) As of or as soon as practicable after the applicable Transfer Date, the Parties shall cooperate to cause the accounts of the applicable Transferred Employee or AbbVie LTD Participant participating in the Abbott KSP to be transferred to the AbbVie SSP. AbbVie shall (A) credit each such Transferred Employee's or AbbVie LTD Participant's account with (1) the amount deferred by such individual into the Abbott KSP as of the applicable Transfer Date, plus (2) any employer contributions, whether vested or unvested, deemed to have been made in relation to the amount described in (1), including, in each case, any earnings thereon, and (B) recognize and honor all deferral and distribution elections made by such individual.

(c) *Abbott KSP after Distribution Date.* From and after a Transferred Employee's or an AbbVie LTD Participant's Transfer Date, such individual shall not participate in or accrue any benefits under the Abbott KSP. Without limiting the generality of the foregoing, each Transferred Employee or AbbVie LTD Participant shall cease to participate in the Abbott KSP effective as of his or her Transfer Date. The Abbott KSP shall continue to be responsible for EMA Liabilities in respect of Abbott Retained Employees and Former Employees (other than AbbVie LTD Participants) and their beneficiaries and/or alternate payees, but shall share with AbbVie the cost of benefits provided to Former Employees (other than LTD Participants) in accordance with procedures mutually agreed to by the Parties.

#### Section 3.08. Deferred Compensation Plan for Former Employees of Solvay and Supplemental Pension Plan for Former BASF and Former Solvay Employees.

(a) *Transfer of Plan Sponsorship to AbbVie.* Effective as of the Distribution Date, a member of the AbbVie Group shall assume or retain sponsorship of the Deferred Compensation Plan for Former Employees of Solvay and the Supplemental Pension Plan for Former BASF and Former Solvay Employees and, except as otherwise provided in Section 3.08(b), shall be responsible for all EMA Liabilities thereunder. Such plans shall be amended, effective as of the Distribution Date, to reflect such sponsorship and to make other changes reasonably necessary to effectuate the sponsorship change.

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(b) *Abbott Retention of Liabilities for Benefits Due to Abbott Retained Employees and Abbott LTD Participants.* Abbott shall retain all EMA Liabilities relating to, arising out of, or resulting from the Deferred Compensation Plan for Former Employees of Solvay and the Supplemental Pension Plan for Former BASF and Former Solvay Employees with respect to Abbott Retained Employees and Abbott LTD Participants and their beneficiaries and/or alternate payees (and, with respect to such Supplemental Pension Plan for Former BASF and Former Solvay Employees, any other individual on whose behalf EMA Liabilities are transferred from the Pension Plan for Former BASF and Former Solvay Employees to the Abbott ARP under Section 3.04(b)(iii)). Effective as of or before the Distribution Date, Abbott shall amend or adopt such plans as it deems necessary to incorporate the provisions necessary to document and provide for such benefits due to the affected Abbott Retained Employees and Abbott LTD Participants. From and after the Distribution Date, no Employee of the Abbott Group shall participate in or accrue any benefits under the Deferred Compensation Plan for Former Employees of Solvay and the Supplemental Pension Plan for Former BASF and Former Solvay Employees.

### ARTICLE IV

#### NON-U.S. RETIREMENT PLANS

Section 4.01. Establishment of Non-U.S. Retirement Plans and Transfers of Assets and Liabilities. Except as mutually agreed upon by the Parties or required under this Article IV or Article VII, AbbVie shall, or shall cause its appropriate Affiliate to, establish a pension plan (whether a defined contribution or defined benefit pension plan) with terms that are substantially similar to those of the corresponding Non-U.S. Abbott Benefit Plan.

(a) *Transfer of Non-U.S. Retirement Plan Assets and Liabilities.* After a Non-U.S. AbbVie Benefit Plan is established, then, except as otherwise provided in this Agreement, the Assets and EMA Liabilities determined as of the Distribution Date under the corresponding Non-U.S. Abbott Benefit Plan attributable to Transferred Non-U.S. Employees (and, with respect to each of the countries or entities listed in [Schedule 4.01\(a\)](#), AbbVie Former Employees) who are participants in that plan, along with any other Assets and EMA Liabilities that AbbVie agrees to assume with respect to such plan, shall be transferred to the applicable Non-U.S. AbbVie Benefit Plan. The Non-U.S. Abbott Benefit Plan shall retain all Assets and EMA Liabilities related to Abbott Retained Employees, Abbott Former Employees, and, with respect to each of the countries or entities not listed in [Schedule 4.01\(a\)](#), AbbVie Former Employees. Assets will be allocated between the plans based on the proportion of EMA Liabilities borne by each plan. Except as otherwise mutually agreed upon by the Parties, such EMA Liabilities will be valued as of the Distribution Date using the projected benefit obligation based on plan provisions as in effect at the Distribution Date and applying demographic and other assumptions used in the most recently completed valuation of the applicable Non-U.S. Abbott Benefit Plan; provided, however, that all economic assumptions will be updated as of the Distribution Date. The transfer amount described above shall be credited or debited, as applicable, with a pro rata share of the actual investment earnings or losses allocable to the transfer amount for the period between the Distribution Date and an assessment date set by Abbott that is as close as practicable, taking into account the timing and reporting of valuation of the applicable Non-U.S. Abbott Benefit Plan's Assets, to the date upon which Assets equal in value to the transfer amount are actually

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transferred from the applicable Non-U.S. Abbott Benefit Plan to the applicable Non-U.S. AbbVie Benefit Plan. During this period, with respect to countries or entities listed in [Schedule 4.01\(a\)](#), benefits for AbbVie Former Employees shall be paid from the Non-U.S. Abbott Benefit Plan. Except as otherwise mutually agreed upon by the Parties, the ultimate transfer amount shall be reduced by the amount of these benefits and credited or debited by the actual investment earnings or losses from the payment date to the assessment date set by Abbott above. Any third party fees, costs or expenses incurred under the applicable Non-U.S. Abbott Benefit Plan during the period from the Distribution Date to the assessment date set by Abbott shall be shared by the Parties based on the proportion of EMA Liabilities borne by the applicable Non-U.S. Abbott Benefit Plan and the applicable Non-U.S. AbbVie Benefit Plan. The Parties agree to use commercially reasonable efforts to accomplish each transfer as soon as practicable following the Distribution Date and to cooperate with each other to make such filings and disclosures and obtain such approvals as may be deemed necessary or advisable in accordance with applicable Law.

(b) *Non-U.S. AbbVie Retirement Plan Provisions.* Each Non-U.S. AbbVie Benefit Plan shall provide, except as otherwise provided in this Agreement or local Conveyance and Assumption Instruments that:

(i) Transferred Non-U.S. Employees (and, with respect to each of the countries or entities listed in [Schedule 4.01\(a\)](#), AbbVie Former Employees) shall (A) be eligible to participate in the Non-U.S. AbbVie Benefit Plan to the extent they were eligible to participate in the corresponding Non-U.S. Abbott Benefit Plan as of the Distribution Date, and (B) receive credit for vesting, eligibility and benefit service for all service credited for those purposes under the corresponding Non-U.S. Abbott Benefit Plan as if that service had been rendered to AbbVie;

(ii) the compensation paid by the Abbott Group to a Transferred Non-U.S. Employee (or, with respect to each of the countries or entities listed in [Schedule 4.01\(a\)](#), an AbbVie Former Employee) that is recognized under the Non-U.S. Abbott Benefit Plan shall be credited and recognized for all applicable purposes under the corresponding Non-U.S. AbbVie Benefit Plan as though it were compensation from the AbbVie Group; and

(iii) the accrued benefit of each Transferred Non-U.S. Employee (or, with respect to each of the countries or entities listed in [Schedule 4.01\(a\)](#), each AbbVie Former Employee) under the Non-U.S. Abbott Benefit Plan that is transferred to the corresponding Non-U.S. AbbVie Benefit Plan pursuant to [Section 4.01\(a\)](#) shall be paid under such Non-U.S. AbbVie Benefit Plan in accordance with the terms of such Non-U.S. AbbVie Benefit Plan and applicable Law, with employment by the Abbott Group treated as employment by the AbbVie Group under the Non-U.S. AbbVie Benefit Plan for purposes of determining eligibility for optional forms of benefit, early retirement benefits, or other benefit forms.

(c) *Subsequent Transfers.* Periodically, at such times as agreed upon by the Parties after the initial transfer described in [Section 4.01\(a\)](#), (i) AbbVie shall cause the applicable Non-U.S. AbbVie Benefit Plan to receive Assets and assume all EMA Liabilities under the applicable Non-U.S. Abbott Benefit Plan for Post-Distribution AbbVie Employees and other

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Employees who cease to be employed by Abbott after the Distribution Date and become employed by AbbVie during the Transition Period (including Assets and EMA Liabilities in respect of beneficiaries and/or alternate payees) and the applicable Non-U.S. Abbott Benefit Plan shall transfer all such Assets and be relieved of such EMA Liabilities, and (ii) Abbott shall cause the applicable Non-U.S. Abbott Benefit Plan to receive Assets and assume all EMA Liabilities under the applicable Non-U.S. AbbVie Benefit Plan for Employees who cease to be employed by AbbVie after the Distribution Date and become employed by Abbott during the Transition Period (including Assets and EMA Liabilities in respect of beneficiaries and/or alternate payees) and the applicable Non-U.S. AbbVie Benefit Plan shall transfer all such Assets and be relieved of such EMA Liabilities. The amount of such Assets to be transferred shall be determined as provided in [Section 4.01\(a\)](#) and shall be subject to the applicable provisions of [Section 4.01\(a\)](#).

#### Section 4.02. [Shared Plan Model.](#)

(a) *AbbVie Participation in Non-U.S. Abbott Retirement Plans.*

(i) In each of the countries or entities listed in [Schedule 4.02\(a\)](#), Abbott shall, or shall cause its appropriate Affiliate to, permit AbbVie or its appropriate Affiliate to continue to participate in the Non-U.S. Abbott Benefit Plan providing retirement benefits in that country after the Distribution. Except as otherwise mutually agreed upon by the Parties, such continued participation is subject to the following requirements: (A) Abbott or its appropriate Affiliate will remain the principal employer under the plan; (B) Abbott and only Abbott or its appropriate Affiliate may amend the plan at any time; (C) any third party fees, costs or expenses shall be shared by the Parties on the basis of their proportionate share of the EMA Liabilities under the Non-U.S. Abbott Benefit Plan; (D) Abbott shall determine the benefit formula or structure under the plan (which shall apply uniformly to all similarly situated participants); and (E) such continued participation may not extend beyond two years after the Distribution Date, unless otherwise mutually agreed by each Party's head of human resources (or such individual's delegate).

(ii) At or before the end of the shared plan period, in each of the countries or entities listed in [Schedule 4.02\(a\)](#), AbbVie shall, or shall cause its appropriate Affiliate to, establish its own plan or arrangement to deliver the benefits due to AbbVie Employees (including both current and former AbbVie Employees) and AbbVie Former Employees under the applicable Non-U.S. Abbott Benefit Plan or otherwise shall be responsible for all costs incurred by the Parties in connection with winding up or terminating the participation of AbbVie or its appropriate Affiliate in the Non-U.S. Abbott Benefit Plan. Following the establishment of the Non-U.S. AbbVie Benefit Plan, the Assets and EMA Liabilities of the Non-U.S. Abbott Benefit Plan attributable to AbbVie Employees (including both current and former AbbVie Employees) and AbbVie Former Employees who are participants in that plan shall be transferred to the applicable Non-U.S. AbbVie Benefit Plan. Assets will be allocated between the plans based on the proportion of EMA Liabilities borne by each plan. Except as otherwise mutually agreed upon by the Parties, such EMA Liabilities will be valued as of the Distribution Date using the projected unit credit method based on plan provisions as in effect at the Distribution Date and applying the demographic and other assumptions used in the most recently completed valuation of the applicable Non-U.S.

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Abbott Benefit Plan; provided, however, that all economic assumptions will be updated as of the Distribution Date. The transfer amount described above shall be credited or debited, as applicable, with a pro rata share of the actual investment earnings or losses allocable to the transfer amount for the period between the establishment of the Non-U.S. AbbVie Benefit Plan and an assessment date set by Abbott that is as close as practicable, taking into account the timing and reporting of valuation of the applicable Non-U.S. Abbott Benefit Plan's Assets, to the date upon which Assets equal in value to the transfer amount are actually transferred from the applicable Non-U.S. Abbott Benefit Plan to the applicable Non-U.S. AbbVie Benefit Plan. During this period, benefits for former AbbVie Employees and AbbVie Former Employees shall be paid from the Non-U.S. Abbott Benefit Plan. Except as otherwise mutually agreed upon by the Parties, the ultimate transfer amount shall be reduced by the amount of these benefits and credited or debited by the actual investment earnings or losses from the payment date to the assessment date set by Abbott above. Any third party fees, costs or expenses incurred under the applicable Non-U.S. Abbott Benefit Plan during the period from the establishment of the Non-U.S. AbbVie Benefit Plan to the assessment date set by Abbott shall be shared by the Parties based on the proportion of EMA Liabilities borne by the applicable Non-U.S. Abbott Benefit Plan and the applicable Non-U.S. AbbVie Benefit Plan. The Parties agree to use commercially reasonable efforts to accomplish each transfer as soon as practicable following the establishment of the Non-U.S. AbbVie Benefit Plan and to cooperate with each other to make such filings and disclosures and obtain such approvals as may be deemed necessary or advisable in accordance with applicable Law. Such transfers and any actuarial assumptions shall be subject to such minimum consents, approvals and other legal requirements as may apply under applicable Law, including, if required, the consent of any affected plan participant or any other third party.

(b) *Non-U.S. Abbott Retirement Plan Provisions.* Each Non-U.S. Abbott Benefit Plan described in [Section 4.02\(a\)](#) shall provide, except as otherwise provided in this Agreement that:

(i) AbbVie Employees shall (A) be eligible to participate in the Non-U.S. Abbott Benefit Plan to the extent they were eligible to participate in such plan immediately prior to the Distribution Date, and (B) receive credit for vesting, eligibility and benefit service for all service with AbbVie during the shared plan period as if that service had been rendered to Abbott;

(ii) the compensation paid by the AbbVie Group to an AbbVie Employee during the shared plan period shall be credited and recognized for all applicable purposes under the corresponding Non-U.S. Abbott Benefit Plan as though it were compensation from the Abbott Group; and

(iii) the accrued benefit of each AbbVie Employee under the Non-U.S. Abbott Benefit Plan shall be paid at the time and in a form provided under such plan, with employment by the AbbVie Group during the shared plan period treated as employment by the Abbott Group under the Non-U.S. Abbott Benefit Plan for purposes of determining eligibility for optional forms of benefit, early retirement benefits, or other benefit forms.

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(c) *Subsequent Transfers.* Periodically, at such times as agreed upon by the Parties after the initial transfer described in [Section 4.02\(a\)](#), (i) AbbVie shall cause the applicable Non-U.S. AbbVie Benefit Plan to receive Assets and assume all EMA Liabilities under the applicable Non-U.S. Abbott Benefit Plan for Post-Distribution AbbVie Employees and other Employees who cease to be employed by Abbott after the Distribution Date and become employed by AbbVie during the Transition Period (including Assets and EMA Liabilities in respect of beneficiaries and/or alternate payees) and the applicable Non-U.S. Abbott Benefit Plan shall transfer all such Assets and be relieved of such EMA Liabilities, and (ii) Abbott shall cause the applicable Non-U.S. Abbott Benefit Plan to receive Assets and assume all EMA Liabilities under the applicable Non-U.S. AbbVie Benefit Plan for Employees who cease to be employed by AbbVie after the Distribution Date and become employed by Abbott during the Transition Period (including Assets and EMA Liabilities in respect of beneficiaries and/or alternate payees) and the applicable Non-U.S. AbbVie Benefit Plan shall transfer all such Assets and be relieved of such EMA Liabilities. The amount of such Assets to be transferred shall be determined as provided in [Section 4.02\(a\)](#) and shall be subject to the applicable provisions of [Section 4.02\(a\)](#).

Section 4.03. Overseas Managers Pension Plan and Territorial Pension Plan.

(a) *Establishment of AbbVie OMPP and AbbVie TPP.* Effective as of or before the Distribution Date, AbbVie shall establish the AbbVie OMPP and the AbbVie TPP, with terms substantially similar to those of the Abbott OMPP or the Abbott TPP, as applicable, as of the Distribution Date.

(b) *OMPP and TPP Liabilities.* AbbVie shall, and shall cause the AbbVie OMPP and the AbbVie TPP to, assume all EMA Liabilities for all obligations under the Abbott OMPP or the Abbott TPP, as applicable, for the benefits for Transferred Employees, and Abbott and the Abbott OMPP and the Abbott TPP shall be relieved of all EMA Liabilities for those benefits. Abbott shall retain the EMA Liabilities for all obligations under the Abbott OMPP and the Abbott TPP for the benefits for Abbott Retained Employees and Former Employees, but shall share with AbbVie the cost of benefits provided to Former Employees in accordance with procedures mutually agreed to by the Parties.

(c) *AbbVie OMPP and AbbVie TPP as of the Distribution Date.* As of the Distribution Date, the AbbVie OMPP and the AbbVie TPP shall provide that:

(i) Transferred Employees who are participants in the AbbVie OMPP or the AbbVie TPP, as applicable, shall receive credit for vesting, eligibility, and benefit service for all service credited for those purposes under the Abbott OMPP or the Abbott TPP, as applicable, as if that service had been rendered to AbbVie;

(ii) the compensation paid by the Abbott Group to a Transferred Employee which was recognized under the Abbott OMPP or the Abbott TPP shall be credited and recognized for all applicable purposes under the AbbVie OMPP or the AbbVie TPP, as applicable, as though it were compensation from the AbbVie Group; and

(iii) following the Distribution Date, the AbbVie OMPP and the AbbVie TPP shall not be amended in any manner that would reduce the accrued benefit (including any early retirement subsidy) of any Transferred Employee.

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(d) *Abbott OMPP and Abbott TPP after Distribution Date.* From and after the Distribution Date, no AbbVie Employees (other than Post-Distribution Transferred Employees) shall participate in or accrue any benefits under the Abbott OMPP or the Abbott TPP.

ARTICLE V

WELFARE AND FRINGE BENEFIT PLANS

Section 5.01. U.S. Health and Welfare Plans.

(a) *Establishment of AbbVie Health and Welfare Plans.* Effective as of or before the Distribution Date, AbbVie shall establish the AbbVie Health and Welfare Plans, with terms substantially similar to those of the corresponding Abbott Health and Welfare Plans as of the Distribution Date unless otherwise provided in this [Article V](#).

(b) *Waiver of Conditions; Benefit Maximums.* AbbVie shall use commercially reasonable efforts to cause the AbbVie Health and Welfare Plans to:

(i) with respect to initial enrollment following the applicable Transfer Date, waive

(A) all limitations as to preexisting conditions, exclusions, and service conditions with respect to participation and coverage requirements applicable to any Transferred Employee or AbbVie LTD Participant, other than limitations that were in effect with respect to the Transferred Employee or the AbbVie LTD Participant under the applicable Abbott Health and Welfare Plan as of immediately prior to such individual's Transfer Date, and

(B) any waiting period limitation or evidence of insurability requirement applicable to a Transferred Employee or AbbVie LTD Participant other than limitations or requirements that were in effect with respect to such Transferred Employee or AbbVie LTD Participant under the applicable Abbott Health and Welfare Plan as of immediately prior to such individual's Transfer Date; and

(ii) take into account

(A) with respect to aggregate annual, lifetime, or similar maximum benefits available under the AbbVie Health and Welfare Plans, a Transferred Employee's or AbbVie LTD Participant's prior claim experience under the Abbott Health and Welfare Plans and any Benefit Plan that provides leave benefits; and

(B) any eligible expenses incurred by a Transferred Employee or AbbVie LTD Participant and his or her covered dependents during the portion of the plan year of the applicable Abbott Health and Welfare Plan ending on the applicable Transfer Date to be taken into account under such AbbVie Health and

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Welfare Plan for purposes of satisfying all deductible, coinsurance, and maximum out-of-pocket requirements applicable to such Transferred Employee or AbbVie LTD Participant and his or her covered dependents for the applicable plan year as if such amounts had been paid in accordance with such AbbVie Health and Welfare Plan.

(c) *Spousal Transition Issues.* The Abbott Group and the AbbVie Group will cooperate to develop uniform guidelines intended to ensure that, to the extent commercially reasonable, from the Distribution Date through December 31, 2013, Employees who are married to each other or who are domestic partners as of the Distribution Date do not incur additional aggregate cost, or derive additional aggregate benefit, under the Health and Welfare Plans of the Parties solely because one such Employee is an Abbott Retained Employee and the other is a Transferred Employee.

(d) *Allocation of Health and Welfare Assets and Liabilities.*

(i) *General Principles.* Except as otherwise specifically provided in this Agreement, Abbott shall retain all EMA Liabilities relating to Incurred Claims under the Abbott Health and Welfare Plans, and shall also retain Assets (including, without limitation, Medicare reimbursements, pharmaceutical rebates, and similar items) associated with such Incurred Claims. AbbVie shall be responsible for all EMA Liabilities relating to Incurred Claims under any AbbVie Health and Welfare Plan and shall also retain Assets (including, without limitation, Medicare reimbursements, pharmaceutical rebates, and similar items) associated with such Incurred Claims.

(ii) *Disability Benefits.* Notwithstanding any other provision hereof, Abbott shall be responsible for Incurred Claims (including ongoing benefit payments) of Abbott Retained Employees and Abbott Former Employees for short- and long-term disability benefits, regardless of when the applicable Incurred Claim was incurred, and AbbVie shall be responsible for Incurred Claims (including ongoing benefit payments) of AbbVie Employees and AbbVie Former Employees for short- and long-term disability benefits, regardless of when the applicable Incurred Claim was incurred.

(iii) *Flexible Spending Accounts.* The Parties shall use commercially reasonable efforts to ensure that, effective as of the Distribution Date, (A) the health care and dependent care flexible spending accounts of Transferred Employees (whether positive or negative) (the "Transferred Flexible Spending Account Balances") under the applicable Abbott Health and Welfare Plan shall be transferred to the corresponding AbbVie Health and Welfare Plan; (B) the elections, contribution levels and coverage of the applicable Transferred Employees shall apply under the AbbVie Health and Welfare Plan in the same manner as under the corresponding Abbott Health and Welfare Plan; and (C) the applicable Transferred Employees shall be eligible for reimbursement from the AbbVie Health and Welfare Plan on the same basis and the same terms and conditions as under the corresponding Abbott Health and Welfare Plan. As soon as practicable after the Distribution Date, and in any event within 30 business days after the amount of the Transferred Flexible Spending Account Balances is determined, Abbott shall pay AbbVie the net aggregate amount of the Transferred Flexible Spending Account Balances, if such amount is positive, and AbbVie shall pay Abbott the net aggregate amount of the

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Transferred Flexible Spending Account Balances, if such amount is negative. With respect to Transferred Employees whose Transfer Date occurs after the Distribution Date, the Parties shall cooperate in good faith to provide for transfers and/or reimbursement after the applicable Transfer Date with respect to the health care and dependent care flexible spending accounts of such Transferred Employees in accordance with procedures mutually agreed to by the Parties.

(iv) *Retiree Health Care Plan and Retiree Life Insurance Plan.* Notwithstanding any other provision hereof, Abbott shall retain the EMA Liabilities and responsibility for all obligations under the Abbott Retiree Health Care Plan and the Abbott Retiree Life Insurance Plan for benefits due to Abbott Retained Employees and Former Employees (other than AbbVie LTD Participants), and shall also retain Assets, including, without limitation, Medicare reimbursements, pharmaceutical rebates, and similar items, associated with such benefits, but shall share with AbbVie the cost of benefits provided to Former Employees (other than LTD Participants) under the Abbott Retiree Health Care Plan and the Abbott Retiree Life Insurance Plan in accordance with procedures mutually agreed to by the Parties.

(e) *Abbott Health and Welfare Plans after Distribution Date.* Transferred Employees shall cease to participate in the Abbott Health and Welfare Plans effective as of their respective Transfer Dates.

(f) *401(h) Account.* Abbott shall retain all Assets associated with the 401(h) account associated with the Abbott ARP.

Section 5.02. COBRA and HIPAA. Abbott shall continue to be responsible for compliance with the health care continuation requirements of COBRA, the certificate of creditable coverage requirements of HIPAA, and the corresponding provisions of the Abbott Health and Welfare Plans with respect to any (a) Abbott Retained Employees and any Former Employees (and their covered dependents) who incur a qualifying event under COBRA on, prior to, or following the Distribution Date, (b) any AbbVie Employees who do not become Transferred Employees (and their covered dependents) who incur a qualifying event under COBRA on, prior to, or following the Distribution Date, and (c) any other AbbVie Employees (and their covered dependents), with respect to qualifying events under COBRA incurred prior to or on the applicable Transfer Date. AbbVie shall assume responsibility for compliance with the health care continuation requirements of COBRA, the certificate of creditable coverage requirements of HIPAA, and the corresponding provisions of the AbbVie Health and Welfare Plans with respect to any Transferred Employees (and their covered dependents) who incur a qualifying event or loss of coverage under the Abbott Health and Welfare Plans and/or the AbbVie Health and Welfare Plans after their respective Transfer Dates. The Parties agree that the consummation of the transactions contemplated by the Separation and Distribution Agreement shall not constitute a COBRA qualifying event for any purpose of COBRA.

Section 5.03. U.S. Life Insurance Trust. Effective as of the Distribution Date, AbbVie shall establish the AbbVie Life Insurance Trust and shall take all actions reasonably necessary to ensure that the AbbVie Life Insurance Trust satisfies the requirements of Code Section 501(c)(9) and is exempt from taxation under Code Section 501(a), including, but not limited to, filing any required determination letter filing with the Internal Revenue Service. Effective as of the

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Distribution Date, after making appropriate adjustment for any incurred but not reported claims payable from the Abbott Life Insurance Trust, Abbott shall cause the Abbott Life Insurance Trust to transfer to the AbbVie Life Insurance Trust any remaining Assets and reserves under the Abbott Life Insurance Trust which are attributable to contributions by Transferred Employees. The Parties shall each take any and all actions as they deem necessary or appropriate to ensure that the transfer of Assets and reserves from the Abbott Life Insurance Trust to the AbbVie Life Insurance Trust does not result in any adverse tax consequences to the Abbott Life Insurance Trust or the AbbVie Life Insurance Trust, Abbott, AbbVie, or any participants or beneficiaries under the Abbott Life Insurance Trust or the AbbVie Life Insurance Trust. The Parties shall cooperate with each other to carry out the provisions of this Section 5.03.

Section 5.04. Vacation, Holidays and Leaves of Absence. Effective as of the applicable Transfer Date, AbbVie shall assume all EMA Liabilities of the Abbott Group with respect to vacation, holiday, annual leave or other leave of absence, and required payments related thereto, for each AbbVie Employee. Abbott shall retain all EMA Liabilities with respect to vacation, holiday, annual leave or other leave of absence, and required payments related thereto, for each Abbott Retained Employee.

Section 5.05. Severance and Unemployment Compensation. Effective as of the Distribution Date, AbbVie shall be responsible for any and all EMA Liabilities to, or relating to, AbbVie Employees and AbbVie Former Employees in respect of severance and unemployment compensation, regardless of whether the event giving rise to the EMA Liability occurred prior to, on, or following the Distribution Date. Abbott shall be responsible for any and all EMA Liabilities to, or relating to, Abbott Retained Employees and Abbott Former Employees in respect of severance and unemployment compensation, regardless of whether the event giving rise to the EMA Liability occurred prior to, on, or following the Distribution Date.

Section 5.06. Workers' Compensation. With respect to claims for workers compensation in the United States, (a) the AbbVie Group shall be responsible for claims in respect of AbbVie Employees and AbbVie Former Employees, whether occurring prior to, on or following the Distribution Date, and (b) the Abbott Group shall be responsible for all claims in respect of Abbott Retained Employees and Abbott Former Employees, whether occurring prior to, on or following the Distribution Date.

Section 5.07. Non-U.S. Shared Health and Welfare Plans.

(a) *Shared Health and Welfare Plans.* To the extent that, following the Distribution Date, there is any Benefit Plan pursuant to which health and welfare benefits are provided to Employees of both the Abbott Group and the AbbVie Group who work primarily outside of the United States, the Parties shall, or shall cause their appropriate Affiliates to, share the costs for such shared plan, except as otherwise mutually agreed upon by the Parties. Any Abbott or AbbVie Affiliate may withdraw from or otherwise cease to participate in any such shared plan following the Distribution Date upon at least 90 days' advance written notice to the other participating employer(s) of such withdrawal or cessation.

(b) *Multi-National Pooling Arrangements.* For purposes of this provision, the term "multi-national pooling arrangement" means a contract or arrangement that facilitates the purchase or provision of employee benefits. Abbott shall retain all Assets (including, without

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limitation, rights to dividends and similar items) with respect to employee benefits-related pooling contracts to which Abbott is a party or under which Abbott pays the premiums. From and after the Distribution Date, AbbVie shall retain all Assets (including, without limitation, rights to dividends and similar items) with respect to employee benefits-related pooling contracts to which AbbVie is a party or under which AbbVie pays the premiums.

## ARTICLE VI

### EQUITY, INCENTIVE, AND EXECUTIVE COMPENSATION PROGRAMS

Section 6.01. Equity Incentive Programs.

(a) The Parties shall use commercially reasonable efforts to take all actions necessary or appropriate so that each outstanding Abbott Option, Abbott Restricted Stock Award, or Abbott RSU Award granted under an Abbott Stock Program shall be adjusted as set forth in this Section 6.01.

(i) *Abbott Options.* As determined by the Abbott Compensation Committee pursuant to its authority under the applicable Abbott Stock Program, each Abbott Option, regardless of by whom held, whether vested or unvested, shall be converted on the Distribution Date into both an Adjusted Abbott Option and an AbbVie Option and shall, except as otherwise provided in this Section 6.01, be subject to the same terms and conditions (including with respect to vesting) after the Distribution Date as applicable to such Abbott Option immediately prior to the Distribution Date; provided, however, that from and after the Distribution Date:

(A) the number of Abbott Common Shares subject to such Adjusted Abbott Option, rounded down to the nearest whole share, shall be equal to the product obtained by multiplying (1) the number of Abbott Common Shares subject to such Abbott Option immediately prior to the Distribution Date times (2) the Abbott Value Factor and times (3) the Abbott Ratio;

(B) the number of shares of AbbVie Common Stock subject to such AbbVie Option, rounded down to the nearest whole share, shall be equal to the product obtained by multiplying (1) the number of Abbott Common Shares subject to the Abbott Option immediately prior to the Distribution Date times (2) the AbbVie Value Factor and times (3) the AbbVie Ratio;

(C) the per share exercise price of such Adjusted Abbott Option, rounded up to the nearest hundredth of a cent, shall be equal to the quotient obtained by dividing (1) the per share exercise price of such Abbott Option immediately prior to the Distribution Date by (2) the Abbott Ratio; and

(D) the per share exercise price of such AbbVie Option, rounded up to the nearest hundredth of a cent, shall be equal to the quotient obtained by dividing (1) the per share exercise price of the Abbott Option immediately prior to the Distribution Date by (2) the AbbVie Ratio;

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provided, however, that the exercise price, the number of Abbott Common Shares and shares of AbbVie Common Stock subject to such options, and the terms and conditions of exercise of such options shall be determined in a manner consistent with the requirements of Code Section 409A; provided, further, that, in the case of any Abbott Option to which Code Section 421 applies by reason of its

qualification under Code Section 422 as of immediately prior to the Distribution Date, the exercise price, the number of Abbott Common Shares and shares of AbbVie Common Stock subject to such option, and the terms and conditions of exercise of such option shall be determined in a manner consistent with the requirements of Code Section 424(a).

(ii) *Abbott Restricted Stock Awards.* Each holder of an outstanding Abbott Restricted Stock Award immediately prior to the Distribution Date shall receive, as of the Distribution Date, an AbbVie Restricted Stock Award for such number of shares as determined by applying the Distribution Ratio in the same way as if the outstanding Abbott Restricted Stock Award were comprised of fully vested Abbott Common Shares as of the Distribution Date. Except as set forth in this [Section 6.01\(a\)\(ii\)](#), the Adjusted Abbott Restricted Stock Award and the AbbVie Restricted Stock Award issued in accordance with this [Section 6.01\(a\)\(ii\)](#) both shall be subject to substantially the same terms and conditions (including with respect to vesting, except to the extent that performance vesting requirements are adjusted as a result of the Distribution) immediately following the Distribution Date as applicable to the Abbott Restricted Stock Award immediately prior to the Distribution Date. Notwithstanding the foregoing, as of the Distribution Date each performance-based Abbott Restricted Stock Award granted on December 1, 2012 shall be converted in full into an AbbVie Restricted Stock Award as provided in the applicable award agreement.

(iii) *Abbott RSU Awards.* Each holder of an outstanding Abbott RSU Award immediately prior to the Distribution Date shall receive, as of the Distribution Date, an AbbVie RSU Award in such number of units as determined by applying the Distribution Ratio in the same way as if the outstanding Abbott RSU Award were comprised of fully vested Abbott Common Shares as of the Distribution Date. Except as set forth in this [Section 6.01\(a\)\(iii\)](#), the Adjusted Abbott RSU Award and the AbbVie RSU Award issued in accordance with this [Section 6.01\(a\)\(iii\)](#) both shall be subject to substantially the same terms and conditions (including with respect to vesting, except to the extent that performance vesting requirements are adjusted as a result of the Distribution) immediately following the Distribution Date as applicable to the Abbott RSU Award immediately prior to the Distribution Date.

(b) *Miscellaneous Award Terms.* After the Distribution Date, Adjusted Abbott Awards, regardless of by whom held, shall be settled by Abbott, and AbbVie Awards, regardless of by whom held, shall be settled by AbbVie; provided, however, that Abbott shall be responsible for any dividend equivalent payments with respect to Adjusted Abbott RSU Awards and AbbVie RSU Awards held by Abbott Retained Employees or Abbott Former Employees, and AbbVie shall be responsible for any dividend equivalent payments with respect to Adjusted Abbott RSU Awards and AbbVie RSU Awards held by AbbVie Employees or AbbVie Former Employees. Except as otherwise provided in this Agreement (such as in [Section 2.02](#) or [Section 6.01\(e\)](#)), with respect to grants adjusted pursuant to this [Section 6.01](#),

(i) employment with the

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Abbott Group shall be treated as employment with AbbVie with respect to AbbVie Awards held by Abbott Retained Employees, and (ii) employment with the AbbVie Group shall be treated as employment with Abbott with respect to Adjusted Abbott Awards held by AbbVie Employees. In addition, none of the Separation, the Distribution, or any employment transfer described in [Section 2.04\(b\)](#) shall constitute a termination of employment for any Employee for purposes of any Adjusted Abbott Award or any AbbVie Award. Following the Distribution Date, for any award adjusted under this [Section 6.01](#), any reference to a “change in control,” “change of control” or similar definition in an award agreement, employment agreement or Abbott Stock Program applicable to such award (A) with respect to Adjusted Abbott Awards, shall be deemed to refer to a “change in control,” “change of control” or similar definition as set forth in the applicable award agreement, employment agreement or Abbott Stock Program (an “Abbott Change of Control”), and (B) with respect to AbbVie Awards, shall be deemed to refer to a “Change in Control” as defined in the AbbVie ISP (an “AbbVie Change of Control”). Without limiting the foregoing, with respect to provisions related to vesting of awards, an Abbott Change of Control shall be treated as an AbbVie Change of Control for purposes of AbbVie Awards held by Abbott Retained Employees, and an AbbVie Change of Control shall be treated as an Abbott Change of Control for purposes of Adjusted Abbott Awards held by AbbVie Employees.

(c) *Tax Reporting and Withholding.* Following the Distribution Date, and for the duration of the applicable U.S. Transition Services Agreement or Ex-U.S. Transition Services Agreement provisions under which Abbott provides payroll services for AbbVie, it is expected that (i) Abbott will be responsible for all income, payroll and other tax remittance and reporting related to income of Abbott Retained Employees, Abbott Former Employees, and individuals who are or were Abbott non-employee directors in respect of Adjusted Abbott Awards and AbbVie Awards; and (ii) AbbVie will be responsible for all income, payroll and other tax remittance and reporting related to income of AbbVie Employees and AbbVie Former Employees in respect of Adjusted Abbott Awards and AbbVie Awards. Abbott or AbbVie, as applicable, shall facilitate performance by the other Party of its obligations hereunder by promptly remitting amounts or shares withheld in conjunction with a transfer of shares or cash, either (as mutually agreed by the Parties) directly to the applicable taxing authority or to the other Party for remittance to such taxing authority. The Parties will cooperate and communicate with each other and with third-party providers to effectuate withholding and remittance of taxes, as well as required tax reporting, in a timely, efficient and appropriate manner.

(d) *Registration and Other Regulatory Requirements.* AbbVie agrees to file Form S-1 and Form S-8 registration statements with respect to, and to cause to be registered pursuant to the Securities Act, the shares of AbbVie Common Stock authorized for issuance under the AbbVie ISP, as required pursuant to the Securities Act, before the date of issuance of any shares of AbbVie Common Stock pursuant to the AbbVie ISP. The Parties shall take such additional actions as are deemed necessary or advisable to effectuate the foregoing provisions of this [Section 6.01](#), including compliance with securities Laws and other legal requirements associated with equity compensation awards in affected non-U.S. jurisdictions. Abbott agrees to facilitate the adoption and approval of the AbbVie ISP consistent with the requirements of Treasury Regulations Section 1.162-27(f)(4)(iii).

(e) *Abbott Equity-Based Awards in Certain Non-U.S. Jurisdictions.* Notwithstanding the foregoing provisions of this [Section 6.01](#), the Parties may mutually agree, in

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their sole discretion, not to adjust certain outstanding Abbott equity-based awards pursuant to the foregoing provisions of this [Section 6.01](#), where those actions would create or trigger adverse legal, accounting or tax consequences for Abbott, AbbVie, and/or the affected non-U.S. award holders. In such circumstances, Abbott and/or AbbVie may take any action necessary or advisable to prevent any such adverse legal, accounting or tax consequences, including, but not limited to, agreeing that the outstanding Abbott equity-based awards of the affected non-U.S. award holders shall terminate in accordance with the terms of the Abbott Stock Programs and the underlying award agreements, in which case AbbVie or Abbott, as applicable, shall equitably compensate the affected non-U.S. award holders in an alternate manner determined by AbbVie or Abbott, as applicable, in its sole discretion, or apply an alternate adjustment method. Where and to the extent required by applicable Law or tax considerations outside the United States, the adjustments described in this [Section 6.01](#) shall be deemed to have been effectuated immediately prior to the Distribution Date.

#### Section 6.02. Employee Stock Purchase Plan.

(a) *Abbott ESPP.* The administrator of the Abbott ESPP shall take all actions necessary and appropriate to provide that: (i) the Purchase Cycle during which the Distribution Date is to occur shall end at a reasonable time before the Distribution Date to allow participants to purchase Abbott Common Shares under the Abbott ESPP prior to the Distribution Date; (ii) all participant payroll deductions and other contributions under the Abbott ESPP shall cease on or before the Purchase Date described in clause (i) of this paragraph; (iii) Transferred Non-U.S. Employees in the Abbott ESPP shall not be eligible to participate in any future Purchase Cycles that begin following the Distribution Date; (iv) any cash remaining in the Abbott ESPP account of any Transferred Non-U.S. Employee described in clause (iii) shall be refunded to such Transferred Non-U.S. Employee without interest as soon as administratively practicable; and (v) the next following Purchase Cycle shall be established by the administrator of the Abbott ESPP in its sole discretion. For purposes of this paragraph, the administrator of the Abbott ESPP may establish an alternate Purchase Cycle ending date for a sub-plan of the Abbott ESPP, as it determines to be necessary or advisable to accommodate the operation and administration of the sub-plan.

(b) *Establishment of AbbVie ESPP.* Effective as of or before the Distribution Date, AbbVie shall establish the AbbVie ESPP, with terms substantially similar to those of the Abbott ESPP as of the Distribution Date; provided, however, that AbbVie may delay implementation of the AbbVie ESPP in one or more countries to the extent necessary to complete those actions and undertakings that AbbVie, in its sole discretion, determines to be necessary or advisable to comply with applicable Law.

#### Section 6.03. Annual Incentive Plans.

(a) *Annual Bonuses Generally.* The AbbVie Group shall be responsible for all annual bonus payments to Transferred Employees in respect of any plan year, the payment date for which occurs on or after the applicable Transferred Employee’s Transfer Date.

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#### (b) *U.S. Abbott Laboratories Cash Profit Sharing Plan.*

(i) Effective as of or before the Distribution Date, AbbVie shall establish the AbbVie Cash Profit Sharing Plan, with terms substantially similar, subject to [Section 6.03\(b\)\(iii\)](#), to the Abbott Cash Profit Sharing Plan as in effect immediately prior to the Distribution Date.

(ii) The AbbVie Cash Profit Sharing Plan shall provide that Transferred Employees shall be eligible to participate in the AbbVie Cash Profit Sharing Plan beginning on the applicable Transfer Date to the same extent that they were eligible to participate in the Abbott Cash Profit Sharing Plan immediately prior to such Transfer Date.

(iii) Each Transferred Employee who participated in the Abbott Cash Profit Sharing Plan prior to the Distribution Date with respect to the plan year commencing on October 1, 2012 and who is eligible to receive payment in respect of such plan year pursuant to the terms of the AbbVie Cash Profit Sharing Plan (treating service with the Abbott Group as if with the AbbVie Group) shall be entitled to receive from AbbVie a cash payment in accordance with the AbbVie Cash Profit Sharing Plan for such plan year (treating compensation paid by the Abbott Group as if paid by the AbbVie Group, for purposes of determining eligible compensation for the plan year). AbbVie shall make all determinations of performance and all payment calculations under this [Section 6.03\(b\)](#), and shall be solely responsible for all payments to or with respect to Transferred Employees hereunder.

#### Section 6.04. Performance Incentive Plan and Management Incentive Plan.

(a) *Establishment of AbbVie Performance Incentive Plan and Management Incentive Plan.* Effective as of or before the Distribution Date, AbbVie shall establish the AbbVie 2013 Performance Incentive Plan and the AbbVie 2013 Management Incentive Plan, with terms and funding arrangements substantially similar to those of the Abbott Performance Incentive Plan and the Abbott Management Incentive Plan as of the Distribution Date.

(b) *Transfers from Abbott Performance Incentive Plan and Management Incentive Plan.* As of or as soon as practicable after the Distribution Date, the Parties shall cooperate to cause the accounts of AbbVie Employees and AbbVie LTD Participants participating in the Abbott Performance Incentive Plan or the Abbott Management Incentive Plan to be transferred to the corresponding AbbVie plan established under [Section 6.04\(a\)](#). AbbVie shall (i) credit each such AbbVie Employee's or AbbVie LTD Participant's account with (A) the amount in such AbbVie Employee's account deferred by such AbbVie Employee into the Abbott Performance Incentive Plan or the Abbott Management Incentive Plan as of the Distribution Date, plus (B) any employer contributions, whether vested or unvested, in relation to the amount described in (A), including, in each case, any earnings thereon, and (ii) recognize and honor all deferral and distribution elections made by such individual. No AbbVie Employee shall participate in or accrue any benefits under the Abbott Performance Incentive Plan or the Abbott Management Incentive Plan on or after the Distribution Date.

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(c) *Performance Incentive Plan and Management Incentive Plan Liabilities.* As of the Distribution Date, AbbVie shall, and shall cause the AbbVie Performance Incentive Plan or the AbbVie Management Incentive Plan, as applicable, to assume all EMA Liabilities for all obligations under the Abbott Performance Incentive Plan or the Abbott Management Incentive Plan, as applicable, for the benefits of AbbVie Employees and AbbVie LTD Participants determined as of the Distribution Date, and Abbott and the Abbott Performance Incentive Plan or the Abbott Management Incentive Plan, as applicable, shall be relieved of all EMA Liabilities for those benefits. Abbott shall retain the EMA Liabilities for all obligations under the Abbott Performance Incentive Plan or the Abbott Management Incentive Plan for the benefits for Abbott Retained Employees and Former Employees (other than AbbVie LTD Participants), but shall share with AbbVie the cost of benefits provided to Former Employees (other than LTD Participants) under the Abbott Performance Incentive Plan or the Abbott Management Incentive Plan in accordance with procedures mutually agreed to by the Parties.

Section 6.05. *Directors' Fee Plan.* Effective as of or before the Distribution Date, AbbVie shall establish the AbbVie Directors' Fee Plan, with terms and funding arrangements substantially similar to those of the Abbott Directors' Fee Plan as of the Distribution Date. Abbott shall retain the EMA Liabilities for all obligations under the Abbott Directors' Fee Plan, but shall share with AbbVie the cost of benefits provided thereunder to any individuals in respect of service prior to the Distribution Date in accordance with procedures mutually agreed to by the Parties. Each participant in the Abbott Directors' Fee Plan with an outstanding Stock Account (as defined in the Abbott Directors' Fee Plan) balance as of the Distribution Date, shall, as of the Distribution Date, be credited under such plan with notional shares of AbbVie Common Stock in an amount determined by applying the Distribution Ratio in the same manner as if the Common Stock Units (as defined in the Abbott Directors' Fee Plan) in such Stock Account were actual Abbott Common Shares. The notional shares of AbbVie Common Stock so credited shall be subject to substantially the same terms and conditions that apply to the Common Stock Units, except that they shall relate to shares of AbbVie Common Stock rather than to Abbott Common Shares.

Section 6.06. *Grantor Trusts.* Certain Transferred Employees and AbbVie LTD Participants who are participating in the Abbott SERP, the Abbott KSP, the Abbott Performance Incentive Plan, and/or the Abbott Management Incentive Plan, as applicable, have established grantor trusts in connection with such plans. Prior to the Distribution Date, the Parties shall use commercially reasonable efforts to cause each grantor trust under such plans to be amended to provide that (a) AbbVie is the administrator of such trust and (b) distribution of amounts under such trusts is made by reference to termination of employment with the AbbVie Group and not termination of employment with the Abbott Group.

## ARTICLE VII

### PUERTO RICO PLANS

#### Section 7.01. *Puerto Rico Retirement Plans.*

(a) *Retention of Plan Sponsorship by AbbVie PR.* Effective as of the Distribution Date, AbbVie PR shall continue sponsorship of the AbbVie PR Pension Plan. The plan and the related trust agreement shall be amended, effective as of or prior to the Distribution

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Date, to reflect the name change, and to make other changes to effectuate such sponsorship continuation.

(b) *Establishment of the Abbott PR Retirement Plan — New.* Effective as of or before the Distribution Date, Abbott PR shall establish the Abbott PR Retirement Plan — New, which shall be substantially similar to, and shall include a benefit formula that is the same as the benefit formula in effect under, the AbbVie PR Pension Plan as of the Distribution Date. As soon as practicable after the Distribution Date and upon receipt by AbbVie PR of (i) a copy of the Abbott PR Retirement Plan - New; (ii) copies of certified resolutions of the Abbott PR board of directors (or its authorized committee or other delegate) evidencing adoption of the Abbott PR Retirement Plan - New and any related trust(s) and the assumption by the Abbott PR Retirement Plan - New of the EMA Liabilities described in [Section 7.01\(c\)](#); and (iii) either (A) a favorable determination letter issued by the Secretary of Treasury of Puerto Rico with respect to the Abbott PR Retirement Plan - New and any related trust, or (B) an opinion of counsel, which counsel and opinion are reasonably satisfactory to AbbVie PR, with respect to the qualified status of the Abbott PR Retirement Plan - New and the tax-exempt status of its related trust under Section 1081.01 (a) of the PR Code, AbbVie PR shall direct the trustee of the AbbVie PR Pension Plan trust to transfer from the trust(s) which forms a part of the AbbVie PR Pension Plan to the trust(s) which forms a part of the Abbott PR Retirement Plan - New the amounts described in [Section 7.01\(c\)\(i\)](#).

#### (c) *Transfer of Assets.*

(i) As of the Distribution Date, Abbott PR shall cause the Abbott PR Retirement Plan - New to accept Assets and assume all EMA Liabilities under the AbbVie PR Pension Plan for Abbott Retained Employees and Abbott LTD Participants (including Assets and EMA Liabilities in respect of beneficiaries and/or alternate payees), and the AbbVie PR Pension Plan shall transfer all such Assets and be relieved of such EMA Liabilities. The amount of Assets to be transferred from the AbbVie PR Pension Plan to the Abbott PR Retirement Plan - New in such transfer shall be determined as of the Distribution Date in accordance with, and shall comply with, ERISA Section 208 and, to the extent deemed applicable by Abbott PR and AbbVie PR, ERISA Section 4044. Assumptions used to determine the value (or amount) of the Assets to be transferred shall be the safe harbor assumptions specified for valuing benefits in trustee plans under Department of Labor Regulations Section 4044.51-57 and, to the extent not so specified, shall be based on the assumptions used in the annual valuation report most recently prepared prior to the transfer by the actuary for the AbbVie PR Pension Plan. The transfer amount described above shall be credited or debited, as applicable, with a pro rata share of the actual investment earnings or losses allocable to the transfer amount for the period between the Distribution Date and an assessment date set by AbbVie PR that is as close as practicable, taking into account the timing and reporting of valuation of assets in the AbbVie PR Pension Plan trust to the date upon which Assets equal in value to the transfer amount are actually transferred from the AbbVie PR Pension Plan to the Abbott PR Retirement Plan - New. During the time prior to such transfer, benefits for Abbott Retained Employees who terminate employment with the Abbott Group and for Abbott LTD Participants shall be paid from the AbbVie PR Pension Plan. The ultimate transfer amount shall be reduced by the amount of these benefits and credited or debited

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by the actual investment earnings or losses from the payment date to the assessment date set by AbbVie PR above. In addition, during this period, Abbott PR will be responsible for a pro rata share of trustee and administration fees attributable to the AbbVie PR Pension Plan. The entries in the AbbVie PR Pension Plan funding standard account shall be divided among the AbbVie PR Pension Plan and the Abbott PR Retirement Plan - New based on the guidance provided in Revenue Ruling 81-212 and 86-47.

(ii) Periodically, at such times as agreed upon by Abbott PR and AbbVie PR after the initial transfer described in [Section 7.01\(c\)\(i\)](#), (A) Abbott PR shall cause the Abbott PR Retirement Plan - New to receive Assets and assume all EMA Liabilities under the AbbVie PR Pension Plan for Employees who cease to be employed by AbbVie PR after the Distribution Date and become employed by Abbott PR during the Transition Period (including Assets and EMA Liabilities in respect of beneficiaries or alternate payees) and the AbbVie PR Pension Plan shall transfer all such Assets and be relieved of such EMA Liabilities, and (B) AbbVie PR shall cause the AbbVie PR Pension Plan to receive Assets and assume all EMA Liabilities under the Abbott PR Retirement Plan - New for Employees who cease to be employed by Abbott PR after the Distribution Date and become employed by AbbVie PR during the Transition Period (including Assets and EMA Liabilities in respect of beneficiaries or alternate payees) and the Abbott PR Retirement Plan - New shall transfer all such Assets and be relieved of such EMA Liabilities. The amount of such Assets to be transferred shall be determined as provided in [Section 7.01\(c\)\(i\)](#) and shall be subject to the applicable provisions of [Section 7.01\(c\)\(i\)](#).

#### (d) *Abbott PR Retirement Plan - New Provisions.* The Abbott PR Retirement Plan - New shall provide that:

(i) Abbott Retained Employees and Abbott LTD Participants shall (A) be eligible to participate in the Abbott PR Retirement Plan - New as of the Distribution Date to the extent they were eligible to participate in the AbbVie PR Pension Plan immediately prior to the Distribution Date, and (B) receive credit for vesting, eligibility and benefit service for all service credited for those purposes under the AbbVie PR Pension Plan as of the Distribution Date as if that service had been rendered to Abbott PR;

(ii) the compensation paid by the Abbott Group to an Abbott Retained Employee or to an Abbott LTD Participant that is recognized under the AbbVie PR Pension Plan as of the Distribution Date shall be credited and recognized for all applicable purposes under the Abbott PR Retirement Plan - New;

(iii) the accrued benefit of each Abbott Retained Employee and each Abbott LTD Participant under the AbbVie PR Pension Plan as of the Distribution Date shall be payable under the Abbott PR Retirement Plan - New at the time and in a form that would have been permitted under the AbbVie PR Pension Plan as in effect as of the Distribution Date, with employment by the Abbott



(iv) the Abbott PR Retirement Plan - New shall assume and honor the terms of all QDROs in effect under the AbbVie PR Pension Plan as of the Distribution Date with respect to Abbott Retained Employees and Abbott LTD Participants.

(e) *Determination Letter Request.* Abbott PR shall submit an application to the Puerto Rico Secretary of Treasury as soon as practicable after the Distribution Date (but no later than the last day of the required amendment period as provided in applicable PR Code provisions) for a determination letter regarding the qualification of the Abbott PR Retirement Plan - New and the tax status of its related trust as of the Distribution Date and shall make any amendments reasonably requested by the Puerto Rico Secretary of Treasury to receive a favorable determination letter regarding the Abbott PR Retirement Plan - New.

(f) *AbbVie PR Pension Plan after Distribution Date.* From and after the Distribution Date, (i) the AbbVie PR Pension Plan shall continue to be responsible for EMA Liabilities in respect of AbbVie Employees and Former Employees (other than Abbott LTD Participants), and (ii) no Employees of the Abbott Group, including Abbott Retained Employees and Abbott LTD Participants, shall accrue any benefits under the AbbVie PR Pension Plan. Without limiting the generality of the foregoing, Abbott Retained Employees and Abbott LTD Participants shall cease to be active participants in the AbbVie PR Pension Plan effective as of the Distribution Date.

(g) *Plan Fiduciaries.* For all periods after the Distribution Date, the Parties agree that the applicable fiduciaries of each of the AbbVie PR Pension Plan and the Abbott PR Retirement Plan - New, respectively, shall have the authority with respect to the AbbVie PR Pension Plan and the Abbott PR Retirement Plan - New, respectively, to determine the plan investments and such other matters as are within the scope of their duties under ERISA Section 404.

(h) *No Loss of Unvested Benefits; No Distributions.* The transfer of any Abbott Retained Employee's employment to Abbott PR will not result in loss of that Employee's unvested benefits under the AbbVie PR Pension Plan or the Abbott PR Retirement Plan - New and no Abbott Retained Employee shall be entitled to a distribution of his or her benefit under the AbbVie PR Pension Plan as a result of such transfer of employment.

#### Section 7.02. Puerto Rico Stock Retirement/Savings Plans.

(a) *Retention of Plan Sponsorship by AbbVie PR.* Effective as of the Distribution Date, AbbVie PR shall continue sponsorship of the AbbVie PR Savings Plan. The plan and the related trust agreement shall be amended, effective as of or before the Distribution Date, to reflect the name change, and to make other changes to effectuate such sponsorship continuation.

(b) *Establishment of the Abbott PR SRP - New.* Effective as of or before the Distribution Date, Abbott PR shall establish the Abbott PR SRP - New. As of the Distribution Date, the terms of the Abbott PR SRP - New shall be substantially similar to the terms of the AbbVie PR Savings Plan as of the Distribution Date. On or prior to the Distribution Date, Abbott PR shall provide AbbVie PR with (i) a copy of the Abbott PR SRP - New; (ii) a copy of certified resolutions of the Abbott PR Board of Directors (or its authorized committee or other

delegate) evidencing adoption of the Abbott PR SRP - New and the related trust(s) and the assumption by the Abbott PR SRP - New of the EMA Liabilities described in Section 7.02(c) hereof; and (iii) either (A) a favorable determination letter issued by the Puerto Rico Secretary of Treasury with respect to the Abbott PR SRP - New and its related trust or (B) an opinion of counsel, which counsel and opinion are reasonably satisfactory to AbbVie PR, with respect to the qualified status of the Abbott PR SRP - New and the tax-exempt status of its related trust under PR Code Section 1081.01(a).

(c) *Transfer of Account Balances.* As soon as practicable after the Distribution Date, AbbVie PR shall cause the trustee of the AbbVie PR Savings Plan to transfer from the trust(s) which forms a part of the AbbVie PR Savings Plan to the trust(s) which forms a part of the Abbott PR SRP - New amounts equal to the account balances of the Abbott Retained Employees and Abbott LTD Participants (including account balances in respect of beneficiaries and alternate payees established in relation to such individuals) under the AbbVie PR Savings Plan, determined as of the date of the transfer. Such transfers shall be made in cash, Abbott Common Shares, shares of AbbVie Common Stock, promissory notes evidencing outstanding loans and other Assets or any combination thereof in cash or in kind, as instructed by the applicable AbbVie PR Savings Plan fiduciary. Abbott PR shall cause the transferred amounts to be allocated among the Abbott Retained Employees' and Abbott LTD Participants' (and beneficiaries' and/or alternate payees', as applicable) Abbott PR SRP - New accounts and to such investment funds in the same manner in which those amounts were allocated under the AbbVie PR Savings Plan. Any Asset and EMA Liability transfers pursuant to this Section 7.02 shall comply in all respects with ERISA Sections 208 and 204(g).

(d) *Abbott PR SRP - New Plan Provisions.* The Abbott PR SRP - New shall provide that:

(i) Abbott Retained Employees and Abbott LTD Participants shall (A) be eligible to participate in the Abbott PR SRP - New as of the Distribution Date to the extent they were eligible to participate in the AbbVie PR Savings Plan immediately prior to the Distribution Date, and (B) receive credit for vesting purposes for all service credited for that purpose under the AbbVie PR Savings Plan as of the Distribution Date as if that service had been rendered to Abbott PR; and

(ii) the account balance of each Abbott Retained Employee and Abbott LTD Participant under the AbbVie PR Savings Plan as of the date of the transfer of Assets from the AbbVie PR Savings Plan (including any outstanding promissory notes) shall be credited to such individual's account balance under the Abbott PR SRP - New.

(e) *Determination Letter Request.* Abbott PR shall submit an application to the Puerto Rico Secretary of Treasury as soon as practicable following the Distribution Date (but no later than the last day of the remedial amendment period as defined in applicable PR Code provisions) for a determination regarding the qualification of the Abbott PR SRP - New and the tax-exempt status of its related trust as of the Distribution Date and shall make any amendments reasonably requested by the Puerto Rico Secretary of Treasury to receive a favorable determination letter regarding the Abbott PR SRP - New.

(f) *AbbVie PR Savings Plan after Distribution Date.* From and after the Distribution Date, (i) the AbbVie PR Savings Plan shall continue to be responsible for EMA Liabilities in respect of AbbVie Employees and Former Employees (other than Abbott LTD Participants), and (ii) no Employees of the Abbott Group shall accrue any benefits under the AbbVie PR Savings Plan. Without limiting the generality of the foregoing, Abbott Retained Employees and Abbott LTD Participants shall cease to be active participants in the AbbVie PR Savings Plan effective as of the Distribution Date.

(g) *Fiduciaries.* For all periods after the Distribution Date, the Parties agree that the applicable fiduciaries of each of the Abbott PR SRP - New and the AbbVie PR Savings Plan, respectively, shall have the authority with respect to the Abbott PR SRP - New and the AbbVie PR Savings Plan, respectively, to determine the investment alternatives, the terms and conditions with respect to those investment alternatives and such other matters as are within the scope of their duties under ERISA Section 404.

(h) *No Loss of Unvested Benefits; No Distributions.* The transfer of any Abbott Retained Employee's employment to Abbott PR will not result in loss of that Abbott Retained Employee's unvested benefits under the AbbVie PR Savings Plan or the Abbott PR SRP - New, and no Abbott Retained Employee shall be entitled to a distribution of his or her benefit under the AbbVie PR Savings Plan as a result of such transfer of employment.

(i) *Subsequent Transfers.* If, after the Distribution Date, a participant in the AbbVie PR Savings Plan becomes employed by the Abbott Group, or a participant in the Abbott PR SRP - New becomes employed by the AbbVie Group, any additional allocations shall occur under the AbbVie PR Savings Plan or the Abbott PR SRP - New, as applicable. If such participant's employment by the AbbVie Group or the Abbott Group commences during the Transition Period, the AbbVie PR Savings Plan or the Abbott PR SRP - New, as applicable, shall transfer or permit the applicable participant to roll over a distribution of such participant's account (including any outstanding loans) from the AbbVie PR Savings Plan or the Abbott PR SRP - New, as applicable, all in accordance with the terms of the AbbVie PR Savings Plan and the Abbott PR SRP - New and/or the plan administrative procedures, as applicable.

#### Section 7.03. Puerto Rico Supplemental Retirement Plans.

(a) *Retention of Plan Sponsorship by AbbVie PR.* Effective as of the Distribution Date, AbbVie PR shall continue sponsorship of the AbbVie PR SERP. The plan shall be amended, effective as of or before the Distribution Date, to reflect the name change, and to make other changes to effectuate such sponsorship continuation.

(b) *Establishment of the Abbott PR SERP - New.* Effective as of or before the Distribution Date, Abbott PR shall establish the Abbott PR SERP - New with terms substantially similar to those of the AbbVie PR SERP.

(c) *Assumption of SERP Liabilities and Transfer from AbbVie PR SERP.* As of the Distribution Date, Abbott PR shall, and shall cause the Abbott PR SERP - New to, assume all EMA Liabilities for all obligations under the AbbVie PR SERP for the benefits of Abbott Retained Employees and Abbott LTD Participants and their beneficiaries and/or alternate payees determined as of the Distribution Date, and AbbVie PR and the AbbVie PR SERP shall be

relieved of all EMA Liabilities for those benefits. AbbVie PR shall retain the EMA Liabilities for all obligations under the AbbVie PR SERP for the benefits for AbbVie Employees and Former Employees (other than Abbott LTD Participants).

(d) *Abbott PR SERP - New Provisions.* As of the Distribution Date, the Abbott PR SERP - New shall provide that:

(i) Abbott Retained Employees and Abbott LTD Participants shall (A) be eligible to participate in the Abbott PR SERP - New to the extent they were eligible to participate in the AbbVie PR SERP immediately prior to the Distribution Date, and (B) receive credit for vesting, eligibility and benefit service for all service credited for those purposes under the AbbVie PR SERP as of the Distribution Date (provided that in the event that any such Abbott Retained Employee or Abbott LTD Participant receives a distribution from the AbbVie PR SERP, the value of such distribution shall be offset against future benefits under the Abbott PR SERP - New to the extent necessary to avoid a duplication of benefits, the terms of such offset to be set forth in the Abbott PR SERP);

(ii) the compensation paid to an Abbott Retained Employee or to an Abbott LTD Participant that was recognized under the AbbVie PR SERP as of the Distribution Date shall be credited and recognized for all applicable purposes under the Abbott PR SERP - New;

(iii) the accrued benefit of each Abbott Retained Employee and each Abbott LTD Participant under the AbbVie PR SERP as of the Distribution Date shall be payable under the Abbott PR SERP - New at the time and in a form that would have been permitted under the AbbVie PR SERP as in effect as of such Distribution Date, with employment by the Abbott Group prior to the Distribution Date credited under the Abbott PR SERP - New for purposes of determining eligibility for optional forms of benefit, early retirement benefits, or other benefit forms; and

(iv) the Abbott PR SERP - New shall assume and honor the terms of all arrangements relating to beneficiaries and alternate payees in effect and honored under the AbbVie PR SERP as of the Distribution Date with respect to such Abbott Retained Employees and Abbott LTD Participants.

(e) *AbbVie PR SERP after Distribution Date.* From and after the Distribution Date, no Employees of the Abbott Group shall participate in or accrue any benefits under the AbbVie PR SERP. Without limiting the generality of the foregoing, each Abbott Retained Employee and Abbott LTD Participant shall cease to participate in the AbbVie PR SERP effective as of the Distribution Date. The AbbVie PR SERP shall continue to be responsible for EMA Liabilities in respect of AbbVie Employees and Former Employees (other than Abbott LTD Participants) and their beneficiaries and/or alternate payees.

#### Section 7.04. Puerto Rico Health and Welfare Plans.

(a) *Retention of Plan Sponsorship by AbbVie PR.* Effective as of the Distribution Date, AbbVie PR shall continue sponsorship of the AbbVie PR Health and Welfare

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Plans. The plans shall be amended, effective as of or before the Distribution Date, to reflect the name change, and to make other changes to effectuate such sponsorship continuation.

(b) *Establishment of Abbott PR Health and Welfare Plans - New.* Effective as of or before the Distribution Date, Abbott PR shall establish the Abbott PR Health and Welfare Plans - New, with terms substantially similar to those of the corresponding AbbVie PR Health and Welfare Plans as of the Distribution Date unless otherwise provided in this Section 7.04.

(c) *Waiver of Conditions; Benefit Maximums.* Abbott PR shall, to the extent commercially reasonable, cause the Abbott PR Health and Welfare Plans - New to:

(i) with respect to initial enrollment following the Distribution Date, waive

(A) all limitations as to preexisting conditions, exclusions, and service conditions with respect to participation and coverage requirements applicable to any Abbott Retained Employee or Abbott LTD Participant, other than limitations that were in effect with respect to the Abbott Retained Employee or Abbott LTD Participant under the corresponding AbbVie PR Health and Welfare Plan as of immediately prior to the Distribution Date, and

(B) any waiting period limitation or evidence of insurability requirement applicable to an Abbott Retained Employee or Abbott LTD Participant other than limitations or requirements that were in effect with respect to such Abbott Retained Employee or Abbott LTD Participant under the corresponding AbbVie PR Health and Welfare Plan as of immediately prior to the Distribution Date; and

(ii) take into account

(A) with respect to aggregate annual, lifetime, or similar maximum benefits available under the Abbott PR Health and Welfare Plan - New, an Abbott Retained Employee's or Abbott LTD Participant's prior claim experience under the corresponding AbbVie PR Health and Welfare Plan and any Benefit Plan that provides leave benefits; and

(B) any eligible expenses incurred by an Abbott Retained Employee or Abbott LTD Participant and his or her covered dependents during the portion of the plan year of the corresponding AbbVie PR Health and Welfare Plan ending on the Distribution Date to be taken into account under such Abbott PR Health and Welfare Plan - New for purposes of satisfying all deductible, coinsurance, and maximum out-of-pocket requirements applicable to such Abbott Retained Employee or Abbott LTD Participant and his or her covered dependents for the applicable plan year as if such amounts had been paid in accordance with such Abbott PR Health and Welfare Plan - New.

(d) *Spousal Transition Issues.* The Abbott Group and AbbVie Group will cooperate to develop uniform guidelines intended to ensure that, to the extent commercially

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practicable, from the Distribution Date through December 31, 2013, Employees who are married to each other or who are domestic partners as of the Distribution Date do not incur additional aggregate cost, or derive additional aggregate benefit, under the PR Health and Welfare Plans of the Parties solely because one such Employee is an Abbott Retained Employee and the other is an AbbVie Employee.

(e) *Allocation of Health and Welfare Assets and Liabilities.*

(i) *General Principles.* Except as otherwise specifically provided in this Agreement, AbbVie PR shall retain all EMA Liabilities relating to Incurred Claims under the AbbVie PR Health and Welfare Plans, and shall also retain Assets (including, without limitation, Medicare reimbursements, pharmaceutical rebates, and similar items) associated with such Incurred Claims. Abbott PR shall be responsible for all EMA Liabilities relating to Incurred Claims of any Abbott Retained Employee or Abbott LTD Participant under any Abbott PR Health and Welfare Plan - New, and shall also retain Assets (including, without limitation, Medicare reimbursements, pharmaceutical rebates, and similar items) associated with such Incurred Claims.

(ii) *Disability Benefits, Disability Health Care and Disability Life Insurance.* Notwithstanding any other provision hereof, Abbott PR shall be responsible for Incurred Claims (including ongoing benefit payments) of Abbott Retained Employees and Abbott LTD Participants for short-term and long-term disability, disability healthcare and disability life insurance benefits, regardless of when the applicable Incurred Claim was incurred.

(iii) *Retiree Health Care Plan and Retiree Life Insurance Plan.* Notwithstanding any other provision hereof, AbbVie PR shall retain the EMA Liabilities and responsibility for all obligations under the AbbVie Puerto Rico Retiree Health Care Plan (formerly known as The Abbott Laboratories Puerto Rico Retiree Health Care Plan) and the AbbVie Retiree Life Insurance Plan (formerly known as the Abbott Laboratories Retiree Life Insurance Plan) for benefits due to AbbVie Employees and Former Employees (other than Abbott LTD Participants) (and shall also retain Assets, including, without limitation, Medicare reimbursements, pharmaceutical rebates, and similar items, associated with such benefits).

(f) *AbbVie PR Health and Welfare Plans after Distribution Date.* Abbott Retained Employees and Abbott LTD Participants shall cease to participate in the AbbVie PR Health and Welfare Plans effective as of the Distribution Date.

Section 7.05. COBRA and HIPAA. AbbVie PR shall continue to be responsible for compliance with the health care continuation requirements of COBRA, the certificate of creditable coverage requirements of HIPAA, and the corresponding provisions of the AbbVie PR Health and Welfare Plans with respect to (a) any AbbVie Employees and any Former Employees (and their covered dependents) who incur a qualifying event under COBRA on, prior to, or following the Distribution Date, and (b) any other Abbott Employees (and their covered dependents), with respect to qualifying events under COBRA incurred prior to or on the applicable Transfer Date. Abbott PR shall assume responsibility for compliance with the health care continuation requirements of COBRA, the certificate of creditable coverage requirements of

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HIPAA, and the corresponding provisions of the Abbott PR Health and Welfare Plans - New with respect to any Abbott Retained Employees or Abbott LTD Participants (and their covered dependents) who incur a qualifying event or loss of coverage under the AbbVie PR Health and Welfare Plans and/or the Abbott PR Health and Welfare Plans - New after the Distribution Date. The Parties agree that the consummation of

the transactions contemplated by the Separation and Distribution Agreement shall not constitute a COBRA qualifying event for any purpose of COBRA.

## ARTICLE VIII

### MISCELLANEOUS

Section 8.01. Transfer of Records. Abbott shall transfer to AbbVie any and all employment records (including, but not limited to, any Form I-9, Form W-2 or other Internal Revenue Service forms) with respect to Transferred Employees and other records reasonably required by AbbVie to enable AbbVie properly to carry out its obligations under this Agreement. Such transfer of records generally shall occur as soon as administratively practicable on or after the Distribution Date. Each Party will permit the other Party reasonable access to Employee records, to the extent reasonably necessary for such accessing Party to carry out its obligations hereunder.

Section 8.02. Cooperation. Each Party shall upon reasonable request provide the other Party and the other Party's respective Affiliates, agents, and vendors all information reasonably necessary to the other Party's performance of its obligations hereunder. The Parties agree to use commercially reasonable efforts and to cooperate with each other to carry out their obligations hereunder and to effectuate the terms of this Agreement.

Section 8.03. Employee Agreements. As of the Distribution Date, Abbott and the applicable member of the Abbott Group hereby assign to AbbVie or another member of the AbbVie Group: (a) to the extent an AbbVie Employee did not otherwise sign an Employee Agreement to effectuate his or her transfer to and hiring by AbbVie, each Employee Agreement entered into between a member of the Abbott Group and any AbbVie Employee; and (b) all rights or obligations under any Employee Agreement relating to the AbbVie Business; provided, however, that Abbott and the Abbott Group shall retain all rights or obligations under each Employee Agreement or applicable Law to the extent that such rights or obligations are unrelated to the AbbVie Business. After the Distribution Date, (i) the AbbVie Group shall keep secret and retain in strictest confidence, and shall not use for the benefit of itself or others, any Abbott Group confidential or proprietary information that is unrelated to the AbbVie Business, and the AbbVie Group shall ensure that its Employees are bound by a secrecy obligation in accordance with this provision, and (ii) the Abbott Group shall keep secret and retain in strictest confidence, and shall not use for the benefit of itself or others, any AbbVie Group confidential or proprietary information that is unrelated to the Abbott Business, and the Abbott Group shall ensure that its Employees are bound by a secrecy obligation in accordance with this provision. Upon written request by Abbott or the Abbott Group, AbbVie or the AbbVie Group shall make available to Abbott or the Abbott Group the original copy of any Employee Agreement that was assigned to AbbVie or the AbbVie Group under this Agreement.

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Section 8.04. Repayment Assets. Effective as of the applicable Transfer Date, the Abbott Group shall be entitled to all Employee Recoupment Assets in respect of Abbott Retained Employees and Abbott Former Employees, and the AbbVie Group shall be entitled to all Employee Recoupment Assets in respect of AbbVie Employees and AbbVie Former Employees. Without limiting the generality of the foregoing, the Abbott Group hereby assigns to the AbbVie Group, effective as of the applicable Transfer Date, all rights and obligations relating to any Employee Recoupment Assets of the Abbott Group in respect of any AbbVie Employee or AbbVie Former Employee.

Section 8.05. Compliance. The agreements and covenants of the Parties hereunder shall at all times be subject to the requirements and limitations of applicable Law (including, for purposes of Article IV, local rules and customs relating to the treatment of pension plans) and collective bargaining agreements. Where an agreement or covenant of a Party hereunder cannot be effected in compliance with applicable Law or an applicable collective bargaining agreement, the Parties agree to negotiate in good faith to modify such agreement or covenant to the least extent possible in keeping with the original agreement or covenant in order to comply with applicable Law or such applicable collective bargaining agreement. Each provision of this Agreement is subject to and qualified by this Section 8.05, whether or not such provision expressly states that it is subject to or limited by applicable Law or by applicable collective bargaining agreements. Each reference to the Code, ERISA, or the Securities Act or any other Law shall be deemed to include the rules, regulations, and guidance issued thereunder.

Section 8.06. Preservation of Rights. Unless expressly provided otherwise in this Agreement, nothing herein shall be construed as a limitation on the right of the Abbott Group or the AbbVie Group to (a) amend or terminate any Benefit Plan or (b) terminate the employment of any Employee.

#### Section 8.07. Matching Grant Plan and Employee Giving Campaign.

(a) U.S. Matching Grant Plan. The Abbott Fund shall retain all EMA Liabilities under the Abbott Fund Matching Grant Plan with respect to donations made prior to the Distribution Date. The Abbott Fund is to match or cause to be matched all eligible donations made prior to the Distribution Date, in accordance with the terms of the Abbott Fund Matching Grant Plan. Each Party will make its own decision regarding future matching grant plans.

(b) U.S. Employee Giving Campaign. Abbott and the Abbott Fund, as applicable, shall retain all EMA Liabilities under the Abbott Laboratories Employee Giving Campaign with respect to donations and pledges made prior to the Distribution Date. During 2013, Abbott will collect and distribute funds pledged in 2012 by AbbVie Employees. Each Party will make its own decision regarding future employee giving campaigns.

Section 8.08. Clara Abbott Foundation. No reference to benefits or any Benefit Plan contained in this Agreement shall include or affect the benefits and services provided by the Clara Abbott Foundation.

Section 8.09. Not a Change in Control. The Parties acknowledge and agree that the transactions contemplated by the Separation and Distribution Agreement and this Agreement do not constitute a "change in control" or a "change of control" for purposes of any Benefit Plan.

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Section 8.10. Reverse Jurisdictions. Notwithstanding anything in this Agreement to the contrary, with the exception of Article I, Section 2.01 and Article VII, the parties acknowledge and agree that for each of the entities or countries listed in Schedule 8.10, where the context so requires in accordance with the applicable local Conveyance and Assumption Instruments, each reference to "AbbVie" in this Agreement shall be construed as a reference to "Abbott," and each reference to "Abbott" in this Agreement shall be construed as a reference to "AbbVie."

Section 8.11. Notices. All notices under this Agreement shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by overnight courier service, by facsimile with receipt confirmed (followed by delivery of an original via overnight courier service) or by registered or certified mail (postage prepaid, return receipt requested) to the respective Parties at the following addresses (or at such other address for a Party as shall be specified in a Notice):

If to Abbott:

Abbott Laboratories  
100 Abbott Park Road  
Building AP6D, Dept. 396  
Abbott Park, Illinois 60064  
Attn: Senior Vice President, Human Resources  
Facsimile: (847) 937-3966

If to AbbVie:

AbbVie Inc.  
1 North Waukegan Road  
North Chicago, Illinois 60064  
Attn: Senior Vice President, Human Resources  
Facsimile: (847) 935-3297

Either Party may, by Notice to the other Party, change the address or facsimile number to which such Notices are to be given.

Section 8.12. Limitation on Enforcement. This Agreement is an agreement solely between the Parties. Nothing in this Agreement, whether express or implied, shall be construed to: (a) confer upon any current or former Employee of the Abbott Group or the AbbVie Group, or any other person any rights or remedies, including, but not limited to any right to (i) employment or recall; (ii) continued employment or continued service for any specified period; or (iii) claim any particular compensation, benefit or aggregation of benefits, of any kind or nature; or (b) create, modify, or amend any Benefit Plan.

Section 8.13. Disputes. The Parties agree to use commercially reasonable efforts to resolve in an amicable manner any and all controversies, disputes and claims between them arising out of or related in any way to this Agreement. The Parties agree that any controversy, dispute or claim (whether arising in contract, tort or otherwise) arising out of or related in any way to this Agreement that cannot be amicably resolved informally will be resolved pursuant to the dispute resolution procedures set forth in Article VII of the Separation and Distribution Agreement.

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Section 8.14. Schedules. As of the Distribution Date, the Parties shall update Schedules 2.03(a), 4.01(a), 4.02(a), and 8.10 to this Agreement, as necessary.

Section 8.15. Interpretation. Words in the singular shall be deemed to include the plural and vice versa and words of one gender shall be deemed to include the other genders as the context requires. The terms “hereof,” “herein,” and “herewith” and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement as a whole (including all of the Schedules and Exhibits hereto and thereto) and not to any particular provision of this Agreement. Article, Section, Exhibit and Schedule references are to the Articles, Sections, Exhibits, and Schedules to this Agreement unless otherwise specified. Unless otherwise stated, all references to any agreement shall be deemed to include the exhibits, schedules and annexes to such agreement. The word “including” and words of similar import when used in this Agreement shall mean “including, without limitation,” unless the context otherwise requires or unless otherwise specified. The word “or” shall not be exclusive. Unless otherwise specified in a particular case, the word “days” refers to calendar days. References herein to this Agreement shall be deemed to refer to this Agreement as of the date on which it is executed and as it may be amended, modified or supplemented thereafter, unless otherwise specified. References to the performance, discharge or fulfillment of any EMA Liability in accordance with its terms shall have meaning only to the extent such EMA Liability has terms. If the EMA Liability does not have terms, the reference shall mean performance, discharge or fulfillment of such EMA Liability.

Section 8.16. Counterparts; Entire Agreement; Conflicts; Corporate Power; Facsimile Signatures.

(a) Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement.

(b) Entire Agreement, Conflicts.

(i) This Agreement, the employee benefits cost-sharing agreement entered into by and between the Parties to implement certain provisions of this Agreement (the “Employee Benefits Cost-Sharing Agreement”), the Separation and Distribution Agreement and the Ancillary Agreements (including the Conveyance and Assumption Instruments), and the exhibits, schedules and annexes hereto and thereto, contain the entire agreement between the Parties with respect to the subject matter hereof, supersede all previous agreements, negotiations, discussions, writings, understandings, commitments and conversations with respect to such subject matter and there are no agreements or understandings between the Parties other than those set forth or referred to herein or therein.

(ii) It is the intention of the Parties that the Employee Benefits Cost-Sharing Agreement shall be consistent with the terms of this Agreement. In the event of any conflict between the Employee Benefits Cost-Sharing Agreement and this Agreement, the provisions of this Agreement shall control. The Parties agree that the Employee Benefits Cost-Sharing Agreement is not intended and shall not be construed in any way to enhance, modify or decrease any of the rights or obligations of Abbott, any Abbott Subsidiary, AbbVie or any AbbVie Subsidiary from those contained in this

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Agreement. In the event of any conflict between the terms of a Conveyance and Assumption Instrument and the terms of this Agreement with respect to EMA Liabilities, this Agreement shall control.

(c) Corporate Power. Abbott represents on behalf of itself and, to the extent applicable, each Abbott Subsidiary, and AbbVie represents on behalf of itself and, to the extent applicable, each AbbVie Subsidiary, as follows:

(i) each such Person has the requisite corporate or other power and authority and has taken all corporate or other action necessary in order to execute, deliver and perform this Agreement and to consummate the transactions contemplated hereby and thereby; and

(ii) this Agreement has been duly executed and delivered by it and constitutes a valid and binding agreement of it enforceable in accordance with the terms thereof.

(d) Signatures and Delivery. Each Party acknowledges that it and the other Party may execute this Agreement by manual, stamp or mechanical signature, and that delivery of an executed counterpart of a signature page to this Agreement (whether executed by manual, stamp or mechanical signature) by facsimile or by email in portable document format (PDF) shall be effective as delivery of such executed counterpart of this Agreement. Each Party expressly adopts and confirms a stamp or mechanical signature (regardless of whether delivered in person, by mail, by courier, by facsimile or by email in portable document format (PDF)) made in its respective name as if it were a manual signature delivered in person, agrees that it shall not assert that any such signature or delivery is not adequate to bind such Party to the same extent as if it were signed manually and delivered in person and agrees that, at the reasonable request of the other Party at any time, it shall as promptly as reasonably practicable cause each such Agreement to be manually executed (any such execution to be as of the date of the initial date thereof) and delivered in person, by mail or by courier.

Section 8.17. Governing Law. This Agreement shall be governed by and construed and interpreted in accordance with the Laws of the State of Delaware, irrespective of the choice of Laws and principles of the State of Delaware, as to all matters, including matters of validity, construction, effect, enforceability, performance and remedies.

Section 8.18. Assignability. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns; provided, however, that neither Party may assign its rights or delegate its obligations under this Agreement without the express prior written consent of the other Party hereto. Notwithstanding the foregoing, no such consent shall be required for the assignment of a Party’s rights and obligations under this Agreement in whole in connection with a Change of Control of a Party so long as the resulting, surviving or transferee Person assumes all the obligations of the relevant Party thereto by operation of Law or pursuant to an agreement in form and substance reasonably satisfactory to the other Party. Nothing herein is intended to, or shall be construed to, prohibit either Party or any of its Subsidiaries from being party to or undertaking a Change of Control.

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Section 8.19. Third Party Beneficiaries. The provisions of this Agreement are solely for the benefit of the Parties and their respective Subsidiaries, after giving effect to the Distribution, and their permitted successors and assigns, and are not intended to confer upon any Person except the Parties and their respective Subsidiaries, after giving effect to the Distribution, and their permitted successors and assigns, any rights or remedies hereunder. There are no other third-party beneficiaries of this Agreement and this Agreement shall not provide any other Third Party with any remedy, claim, liability, reimbursement, claim of action or other right in excess of those existing without reference to this Agreement.

Section 8.20. Severability. In the event that any one or more of the terms or provisions of this Agreement or the application thereof to any Person or circumstance is determined by a court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Agreement, or the application of such term or provision to Persons or circumstances or in jurisdictions other than those as to which it has been determined to be invalid, illegal or unenforceable, and the Parties shall use their commercially reasonable efforts to substitute one or more valid, legal and enforceable terms or provisions into this Agreement which, insofar as practicable, implement the purposes and intent of the Parties. Any term or provision of this Agreement held invalid or unenforceable only in part, degree or within certain jurisdictions shall remain in full force and effect to the extent not held invalid or unenforceable to the extent consistent with the intent of the parties as reflected by this Agreement. To the extent permitted by applicable Law, each party waives any term or provision of Law which renders any term or provision of this Agreement to be invalid, illegal or unenforceable in any respect.

Section 8.21. Force Majeure. Neither Party shall be deemed in default of this Agreement for failure to fulfill any obligation so long as and to the extent to which any delay or failure in the fulfillment of such obligations is prevented, frustrated, hindered or delayed as a consequence of circumstances of Force Majeure. In the event of any such excused delay, the time for performance shall be extended for a period equal to the time lost by reason of the delay. A Party claiming the benefit of this provision shall, as soon as reasonably practicable after the occurrence of any such event, (a) provide Notice to the other Party of the nature and extent of any such Force Majeure condition; and (b) use commercially reasonable efforts to remove any such causes and resume performance under this Agreement as soon as reasonably practicable.

Section 8.22. No Set Off. Except as mutually agreed to in writing by the Parties, neither Party nor any of its Subsidiaries shall have any right of set off or other similar rights with respect to (a) any amounts received pursuant to this Agreement; or (b) any other amounts claimed to be owed to the other Party or any of its Subsidiaries arising out of this Agreement.

Section 8.23. Headings. The Article, Section and Paragraph headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

Section 8.24. Survival of Covenants. Except as expressly set forth in this Agreement, the covenants and other agreements contained in this Agreement, and liability for the breach of any obligations contained herein, shall survive the Effective Time and shall remain in full force and effect thereafter.

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Section 8.25. Waivers of Default. Waiver by either Party of any default by the other Party of any provision of this Agreement shall not be deemed a waiver by the waiving Party of any subsequent or other default, nor shall it prejudice the rights of the waiving Party.

Section 8.26. Amendments. No provisions of this Agreement shall be deemed amended, supplemented or modified unless such amendment, supplement or modification is in writing and signed by an authorized representative of both Parties or their relevant Subsidiaries, as the case may be. No provisions of this Agreement shall be deemed waived unless such waiver is in writing and signed by the authorized representative of the Party or relevant Subsidiary against whom it is sought to be enforced.

Section 8.27. Specific Performance. Subject to the provisions of Section 8.13, in the event of any actual or threatened default in, or breach of, any of the terms, conditions and provisions of this Agreement, the Party or Parties who are or are to be thereby aggrieved shall have the right to specific performance and injunctive or other equitable relief (on an interim or permanent basis) of its rights under this,

in addition to any and all other rights and remedies at law or in equity, and all such rights and remedies shall be cumulative. The Parties agree that the remedies at law for any breach or threatened breach, including monetary damages, may be inadequate compensation for any loss and that any defense in any Proceeding for specific performance that a remedy at Law would be adequate is waived.

Section 8.28. Mutual Drafting. This Agreement shall be deemed to be the joint work product of the Parties and any rule of construction that a document shall be interpreted or construed against a drafter of such document shall not be applicable.

\* \* \* \* \*

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IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their authorized representatives.

ABBOTT LABORATORIES

ABBVIE INC.

By: /s/ Thomas C. Freyman

By: /s/ Richard A. Gonzalez

Name: Thomas C. Freyman  
Title: Executive Vice President, Finance  
and Chief Financial Officer

Name: Richard A. Gonzalez  
Title: Chairman of the Board  
and Chief Executive Officer

*[Signature Page to Employee Matters Agreement]*

SCHEDULES TO EMPLOYEE MATTERS AGREEMENT

**Schedule 2.03(a)**

**Establishment of AbbVie Benefit Plans — U.S.**

1986 Abbott Laboratories Management Incentive Plan  
1998 Abbott Laboratories Performance Incentive Plan  
Abbott Laboratories 2009 Employee Stock Purchase Plan for Non-U.S. Employees  
Abbott Laboratories 2009 Incentive Stock Program  
Abbott Laboratories 401(k) Supplemental Plan  
Abbott Laboratories Adoption Assistance Plan  
Abbott Laboratories Annuity Retirement Plan  
Abbott Laboratories Awards for Performance Excellence Plan  
Abbott Laboratories Cash Profit Sharing Plan  
Abbott Laboratories Change in Control Severance Pay Plan  
Abbott Laboratories Child Care Center Plan  
Abbott Laboratories Deferred Compensation Plan  
Abbott Laboratories Employee Insurance Trust  
Abbott Laboratories Extended Disability Plan  
Abbott Laboratories Flexible Benefits Plan  
Abbott Laboratories Health Care Plan  
Abbott Laboratories Life Accident Plan  
Abbott Laboratories Non-Employee Directors' Fee Plan  
Abbott Laboratories Retiree Health Care Plan  
Abbott Laboratories Retiree Life Insurance Plan  
Abbott Laboratories Stock Retirement Plan  
Abbott Laboratories Supplemental Pension Plan  
Abbott Laboratories Territorial Pension Plan  
Abbott Laboratories Transitional Pay Plan  
Abbott Laboratories Tuition Assistance Plan  
Abbott Overseas Managers Pension Plan

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**Schedule 4.01(a)**

**Non-U.S. Jurisdictions Where Pension Liabilities  
for AbbVie Former Employees Transfer to AbbVie**

Germany  
Greece  
Netherlands  
Norway  
Portugal  
United Kingdom

**Schedule 4.02(a)**

**Non-U.S. Jurisdictions with Shared Plan Model**

Japan  
Netherlands  
South Africa  
Switzerland

**Schedule 8.10**

**Reverse Entities**

In the following entities, any employees mapped to AbbVie will continue to be employed by such entity following the Local Closing Transaction, and any employees mapped to Abbott will be transferred to Abbott or an applicable Abbott Subsidiary:

Germany — Abbott Products GmbH  
Ireland — Fournier Laboratories Ireland  
Ukraine — Abbott Products GmbH (Ukraine Branch)  
Puerto Rico (Manufacturing Business) — AbbVie Ltd. (f/k/a Abbott Pharmaceuticals (Puerto Rico) Ltd.)



## INTERNATIONAL COMMERCIAL OPERATIONS AGREEMENT

BY AND BETWEEN

ABBOTT LABORATORIES

AND

ABBVIE INC.

DATED AS OF DECEMBER 31, 2012

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THIS INTERNATIONAL COMMERCIAL OPERATIONS AGREEMENT, dated as of December 31, 2012, is by and between Abbott Laboratories, an Illinois corporation ("Abbott") and AbbVie Inc., a Delaware corporation ("AbbVie").

## RECITALS:

WHEREAS, Abbott announced its plan to separate (the "Separation") into two publicly traded companies, one in diversified medical products and the other in research-based pharmaceuticals. The diversified medical products company shall consist of Abbott and its Affiliates' (as defined herein) existing diversified medical products portfolio, including its branded generic pharmaceutical, devices, diagnostic and nutritional businesses, and shall retain the Abbott name. The research-based pharmaceutical company shall include Abbott and its Affiliates' current portfolio of proprietary pharmaceuticals and biologics and shall bear the new name "AbbVie";

WHEREAS, in connection with the Separation, Abbott and AbbVie Inc. have entered into a Separation and Distribution Agreement (as may be amended from time to time, the “Separation and Distribution Agreement”) to govern the overall terms of the Separation;

WHEREAS, Abbott is the direct or indirect parent of each of the Abbott Subsidiaries (as defined herein) listed on Schedule 1.01(a) hereto (each, an “Abbott Local Entity”);

WHEREAS, it is in the framework of the Separation that Abbott and AbbVie have agreed that the beneficial interest to the AbbVie Assets and the AbbVie Liabilities of the AbbVie Business (each as defined herein) conducted by the Abbott Local Entities has been transferred to AbbVie;

WHEREAS, in accordance with the terms of the Separation and Distribution Agreement, due to the requirements of applicable Laws, the need to obtain certain consents from local Governmental Authorities (as defined herein) or for other business reasons, Abbott and AbbVie have agreed (a) to defer until after the Distribution Date (as defined herein) the transfer of legal title to the Assets (as defined herein) and the assumption of the Liabilities (as defined herein) of each Deferred AbbVie Local Business (as defined herein) from the Abbott Local Entities to AbbVie or any AbbVie Local Entity (as defined herein) and (b) (i) to transfer beneficial title to all AbbVie Assets of each Abbott Local Entity, including the right to regularly receive the benefits with respect to each Deferred AbbVie Local Business earned by the Local Abbott Entities, to AbbVie and (ii) that AbbVie shall assume the applicable Liabilities of each Abbott Local Entity as beneficial owner of each Deferred AbbVie Local Business;

WHEREAS, Abbott and AbbVie agree that the transfer of each Deferred AbbVie Local Business to the applicable AbbVie Local Entity or distributor shall not ultimately result in the payment of further consideration by AbbVie or the applicable AbbVie Local Entity as a consequence of the purchase price for each such Deferred AbbVie Local Business being reimbursed by Abbott to AbbVie in accordance with Section 3.06; and

WHEREAS, each of Abbott and AbbVie desires to describe these and certain other arrangements between Abbott and AbbVie during and at the conclusion of the International Operations Transition Period (as defined herein).

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained in this Agreement (as defined herein), the Parties (as defined herein) hereby agree as follows:

## ARTICLE I

### DEFINITIONS

Section 1.01. Definitions. Reference is made to Section 6.15 regarding the interpretation of certain words and phrases used in this Agreement. In addition, for the purpose of this Agreement, the following terms shall have the meanings set forth below; provided that where such term is defined to have the meaning set forth in the Separation and Distribution Agreement and such definition includes the term “Party”, then “Party” as used in the definition of such term in the Separation and Distribution Agreement shall be construed to have the meaning set forth in this Agreement.

“Abbott” has the meaning set forth in the Preamble.

“Abbott Local Entity” has the meaning set forth in the Recitals.

“Abbott Mark-Up Amount” has the meaning set forth in Schedule 2.05(b).

“Abbott Subsidiary” means any Business Entity that is a Subsidiary (or a branch or representative office thereof) of Abbott prior to, at or after the Effective Time (other than AbbVie or an AbbVie Subsidiary).

“AbbVie” has the meaning set forth in the Preamble.

“AbbVie Assets” has the meaning set forth in the Separation and Distribution Agreement.

“AbbVie Business” has the meaning set forth in the Separation and Distribution Agreement.

“AbbVie Business Expenses” has the meaning set forth in Section 2.06(a)(i).

“AbbVie Liabilities” has the meaning set forth in the Separation and Distribution Agreement.

“AbbVie Local Entity” means each AbbVie Subsidiary or designee that acquires legal title to any Assets or Liabilities of a Deferred AbbVie Local Business in accordance with the terms of this Agreement.

“AbbVie Pro Forma Balance Sheet” has the meaning set forth in the Separation and Distribution Agreement.

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“AbbVie Subsidiary” means any Business Entity that is a Subsidiary (or branch or representative office thereof) of AbbVie prior to or after the Effective Time, including the Transferred Entities, which shall be deemed to have been AbbVie Subsidiaries at all times prior to, at and after the Effective Time.

“Accrued Taxes” has the meaning set forth in Schedule 2.05(b).

“Actual Tax Amount” has the meaning set forth in Schedule 2.05(b).

“Adjustment Dispute Notice” has the meaning set forth in Section 2.07(f)(ii)(2).

“Adjustment Notice” has the meaning set forth in Section 2.07(f)(i).

“Affiliate” has the meaning set forth in the Separation and Distribution Agreement.

“Aggregate AbbVie Business Expenses” has the meaning set forth in Schedule 2.05(b).

“Aggregate Mark-Up Fee” has the meaning set forth in Schedule 2.05(b).

“Aggregate Monthly Cash Decrease” has the meaning set forth in Schedule 2.05(b).

“Aggregate Monthly Cash Increase” has the meaning set forth in Schedule 2.05(b).

“Aggregate Net Amount” has the meaning set forth in Schedule 2.05(b).

“Assets” has the meaning set forth in the Separation and Distribution Agreement.

“Agreement” means this International Commercial Operations Agreement and each of the Schedules and Exhibits hereto.

“Average Rate” means the exchange rate determined by taking the simple average of the prior month Book Rate and the current month Book Rate.

“Book Rate” means for any currency other than US Dollars, the official monthly rates used by Abbott for conversion of its monthly balance sheet. The Book Rate is determined by taking the foreign exchange rates from the Bloomberg screen at the second to last Business Day of each calendar month. For the Euro, British Pound, Australian Dollar and New Zealand Dollar, the bid rate is used. For all other currencies, the ask price is used. If the exchange rates available locally are not reflected on the Bloomberg screen, Abbott may choose to approve a deviation allowing the country to report rates directly; provided that such deviations are signed and in place in accordance with the Abbott B.2.0 policy.

“Business Day” means any day other than a Saturday, Sunday or other day on which Abbott shall be closed for business in accordance with Abbott’s internal accounting calendar.

“Business Entity” means any corporation, general or limited partnership, trust, joint venture, unincorporated organization, limited liability entity or other entity.

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“Change of Control” has the meaning set forth in the Separation and Distribution Agreement.

“Consents” means any consents, waivers or approvals from, or notification requirements to, any Third Parties.

“Conveyance and Assumption Instruments” has the meaning set forth in the Separation and Distribution Agreement.

“Conveyance Taxes” means all transfer, documentary, recording, sales, use, registration, stamp, value added, goods and services and other similar Taxes (including all applicable real estate transfer Taxes, but excluding any Taxes based on or attributable to income or capital gains), together with any notarial and registry fees and recording costs imposed by any Tax Authority or other Governmental Authority in connection with the transactions contemplated by this Agreement.

“Deferred AbbVie Balance Sheet” has the meaning set forth in [Section 3.04\(a\)](#).

“Deferred AbbVie Business Report” has the meaning set forth in [Section 2.04\(a\)](#).

“Deferred AbbVie Local Business” means the AbbVie Business conducted by each Abbott Local Entity from the Effective Time until the consummation of the applicable Local Closing.

“Dispute” has the meaning set forth in [Section 5.01](#).

“Dispute Notice” has the meaning set forth in [Section 2.07\(b\)\(ii\)](#).

“Distribution Date” has the meaning set forth in the Separation and Distribution Agreement.

“Effective Time” means 12:01 a.m. Eastern Time on the Distribution Date.

“Employment Taxes” means withholding, payroll, social security, workers’ compensation, unemployment, disability, and any similar tax imposed by any Tax Authority or social security authority, and any interest, penalties, additions to tax, or additional amounts with respect to the foregoing imposed on any taxpayer or consolidated, combined, or unitary group of taxpayers.

“Exchange Rate” means the exchange rate between the applicable Local Currency and US Dollars as observed by Bloomberg (ask rate or, if the Local Currency is in Euros, bid rate) at 8:00a.m. Central Time Chicago on any given day.

“Ex-US Transition Services Agreement” has the meaning set forth in [Schedule 2.05\(b\)](#).

“Final Closing Date” has the meaning set forth in [Section 4.01\(a\)](#).

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“Force Majeure” means, with respect to a Party, an event beyond the control of such Party (or any Person acting on its behalf), which by its nature could not reasonably have been foreseen by such Party (or such Person), or, if it could reasonably have been foreseen, was unavoidable, and includes acts of God, storms, floods, riots, fires, sabotage, civil commotion or civil unrest, interference by civil or military authorities, acts of war (declared or undeclared) or armed hostilities, other national or international calamities or acts of terrorism or failures of energy sources or distribution or transportation facilities. Notwithstanding the foregoing, the receipt by a Party of an unsolicited takeover offer or other acquisition proposal, even if unforeseen or unavoidable, and such Party’s response thereto shall not be deemed an event of Force Majeure.

“GAAP” means U.S. generally accepted accounting principles as applied by Abbott.

“Governmental Authority” means any supranational, international, national, federal, state, provincial or local court, government, department, commission, board, bureau, agency, official or other regulatory, administrative or governmental authority, including the NYSE and any similar self-regulatory body under applicable securities Laws.

“Income Tax Benefit” means the amount of Taxes measured by income that would be reduced as a result of a loss incurred upon the consummation of a Local Closing, or of an increase in Tax basis resulting from a Local Closing, as determined in accordance with GAAP and the principles set forth in [Section 3.07](#).

“Independent Accounting Firm” has the meaning set forth in [Section 2.07\(d\)](#).

“Information” has the meaning set forth in the Separation and Distribution Agreement.

“International Operations Transition Period” means the period commencing on the Effective Time and ending on the Final Closing Date.

“Law” means any supranational, international, national, federal, state, provincial, local or similar law (including common law), statute, code, order, ordinance, rule, regulation, treaty (including any income Tax treaty), license, permit, authorization, approval, Consent, decree, injunction, binding judicial or administrative interpretation or other requirement, in each case enacted, promulgated issued or entered by a Governmental Authority.

“Liabilities” has the meaning set forth in the Separation and Distribution Agreement.

“Local Buy-Sell Entity” means each of the Abbott Local Entities that is not a Services Affiliate.

“Local Closing” has the meaning set forth in [Section 3.01](#).

“Local Closing Date” has the meaning set forth in [Section 3.01](#).

“Local Currency” has the meaning set forth in [Section 3.02\(c\)](#).

“Local Income Tax” has the meaning set forth in [Section 3.07](#).

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“Mark-Up Fee” has the meaning set forth in [Section 2.06\(a\)\(ii\)](#).

“Monthly Cash Decrease” has the meaning set forth in [Schedule 2.05\(b\)](#).

“Monthly Cash Increase” has the meaning set forth in [Schedule 2.05\(b\)](#).

“Notice” means any written notice, request demand or other communication specifically referencing this Agreement and given in accordance with [Section 6.07](#).

“Net Proceeds” has the meaning set forth in [Section 3.06\(b\)](#).

“Parties” means the parties to this Agreement.

“Person” means: any (a) individual; (b) Business Entity; or (c) Governmental Authority.

“Personal Data” means data that can be used by itself or in combination with other available data to identify a specific individual.

“Prime Rate” has the meaning set forth in the Separation and Distribution Agreement.

“Report” has the meaning set forth in [Section 2.07\(a\)\(ii\)](#).

“Representative” has the meaning set forth in [Section 6.01\(a\)](#).

“Separation” has the meaning set forth in the Recitals.

“Separation and Distribution Agreement” has the meaning set forth in the Recitals.

“Services Affiliate” means each of the Abbott Local Entities listed on Schedule 1.01(b).

“Stored Records” has the meaning set forth in the Separation and Distribution Agreement.

“Subsidiary” or “subsidiary” means, with respect to any Person, any Business Entity of which such Person: (a) beneficially owns, either directly or indirectly, more than fifty percent (50%) of (i) the total combined voting power of all classes of voting securities of such Business Entity; (ii) the total combined equity interests; or (iii) the capital or profit interests, in the case of a partnership; or (b) otherwise has the power to vote, either directly or indirectly, sufficient securities to elect a majority of the board of directors or similar governing body.

“Tax” means: (a) any income, net income, gross income, gross receipts, profits, capital stock, franchise, property, ad valorem, stamp, excise, severance, occupation, service, sales, use, license, lease, transfer, import, export, customs duties, value added, alternative minimum, estimated or other similar tax (including any fee, assessment, or other charge in the nature of or in lieu of any tax) imposed by any Tax Authority, and any interest, penalties, additions to tax or additional amounts with respect to the foregoing imposed on any taxpayer or consolidated, combined or unitary group of taxpayers; and (b) any Employment Tax.

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“Tax Authority” means, with respect to any Tax, the Governmental Authority or political subdivision thereof that imposes such Tax, and the agency (if any) charged with the collection of such Tax for such Governmental Authority or subdivision.

“Tax Return” means any report of Tax due or similar report or document required to be filed under applicable Law with respect to any Tax for any taxpayer or consolidated, combined or unitary basis under applicable Law with the relevant Tax Authority.

“Tax Sharing Agreement” has the meaning set forth in the Separation and Distribution Agreement.

“Third Party” means any Person other than the Parties or any of their respective Subsidiaries.

“Transferred Entities” has the meaning set forth in the Separation and Distribution Agreement.

“Transition Committee” has the meaning set forth in the Separation and Distribution Agreement.

“Unresolved Disputes” has the meaning set forth in Section 2.07(d).

## ARTICLE II

### INTERNATIONAL TRANSITION PERIOD

Section 2.01. Legal Title. Legal title to all of the AbbVie Assets that are held as of the Effective Time by any Abbott Local Entity, and all of the AbbVie Liabilities of any Abbott Local Entity that are outstanding as of the Effective Time, shall remain with such Abbott Local Entity until the consummation of the applicable Local Closing pursuant to Article III, if any.

#### Section 2.02. Treatment of Deferred AbbVie Local Businesses.

(a) From and after the Effective Time until the consummation of the applicable Local Closing pursuant to Article III: (a) the Deferred AbbVie Local Businesses shall be held by each Abbott Local Entity on behalf of and for the benefit of AbbVie; (b) Abbott, an Abbott Local Entity or, where applicable, a designee shall pay, perform and discharge fully the Liabilities of the Deferred AbbVie Local Businesses; and (c) insofar as reasonably practicable and to the extent permitted by applicable Law, Abbott, an Abbott Local Entity or, where applicable, a designee shall manage and operate each Deferred AbbVie Local Business in accordance with this Agreement and take such other actions as may reasonably be requested by AbbVie so that all of the benefits and Liabilities attributable to the Deferred AbbVie Local Businesses, including use, risk of loss, potential for gain and dominion, and control and command over such Deferred AbbVie Local Businesses, shall inure from and after the Effective Time to AbbVie.

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(b) If, after giving effect to the transactions contemplated by this Agreement, the Parties determine that the intent of the Parties set forth in Section 2.02(a) has not been achieved, the Parties shall use their commercially reasonable efforts to mutually agree upon alternative arrangements to implement the purposes and intent of the Parties set forth in Section 2.02(a).

#### Section 2.03. Operation of Deferred AbbVie Local Businesses.

(a) In furtherance of Section 2.02(a), Abbott shall use, or cause the applicable Abbott Local Entity to use, commercially reasonable efforts to manage and operate each Deferred AbbVie Local Business as may reasonably be requested by AbbVie from time to time. Unless otherwise instructed by AbbVie, Abbott shall cause each Abbott Local Entity to operate the applicable Deferred AbbVie Local Business in a manner that is based on past practice and that is substantially similar in nature, quality and timeliness to the analogous operations conducted by the applicable Abbott Local Entity prior to the Effective Time. Abbott shall cause each Abbott Local Entity to perform its duties and responsibilities hereunder in good faith.

(b) Nothing in this Agreement shall require Abbott to cause any Abbott Local Entity to operate any Deferred AbbVie Local Business to the extent the manner of such operations would constitute a violation of applicable Laws, the Abbott Code of Business Conduct or any existing Contract with a Third Party. If Abbott is or becomes aware of any such restriction on an Abbott Local Entity, Abbott shall use commercially reasonable efforts to promptly provide Notice of any such restriction to AbbVie. The Parties agree to cooperate and use commercially reasonable efforts to obtain any necessary Consents required under any existing Contract with a Third Party to allow an Abbott Local Entity to operate the applicable Deferred AbbVie Local Business in accordance with the standards set forth in this Section 2.03. Any costs and expenses incurred by any Party in connection with obtaining any such Consent that is required to allow any Abbott Local Entity to operate any Deferred AbbVie Local Business shall be borne by AbbVie. If the Parties, despite the use of such commercially reasonable efforts, are unable to obtain a required Consent or the operation of a Deferred AbbVie Local Business by an Abbott Local Entity would constitute a violation of applicable Laws or the Abbott Code of Business Conduct, Abbott shall use commercially reasonable efforts in good faith to cause the Abbott Local Entity to operate the applicable Deferred AbbVie Local Business in a manner as closely as possible to the standards described in this Section 2.03 that would apply absent the exception provided for in the first sentence of this Section 2.03(b).

(c) Except as expressly provided in this Agreement, Abbott shall not cause any Abbott Local Entity to operate any Deferred AbbVie Local Business for the benefit of any Third Party or any other Person other than AbbVie or the applicable AbbVie Local Entity.

#### Section 2.04. Deferred AbbVie Business Report.

(a) Not later than thirty (30) days after the Distribution Date, Abbott shall prepare and deliver to AbbVie a financial report (the “Deferred AbbVie Business Report”) setting forth the AbbVie Assets and AbbVie Liabilities of each Deferred AbbVie Local Business held by each Abbott Local Entity as of the Effective Time. The Deferred AbbVie Business Report shall be prepared on a country-by-country basis in the applicable Local Currency in

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accordance with GAAP applied on a basis consistent with the AbbVie Pro Forma Balance Sheet and with the same level of detail as used by Abbott in the preparation of Abbott’s monthly financial reporting package and the standard financial reports used by Abbott on the Distribution Date.

(b) If AbbVie disagrees with any amount set forth in the Deferred AbbVie Business Report, AbbVie shall give Notice to Abbott within thirty (30) days of receipt of the Deferred AbbVie Business Report stating the specific reasons for its disagreement. If Abbott and AbbVie are unable to resolve any disagreement, the disagreement shall be resolved pursuant to the procedures set forth in Section 2.07(d) and Section 2.07(e).

#### Section 2.05. Aggregate Net Amount.

(a) Subject to Section 2.07 and Section 2.08, if on a monthly basis during the International Operations Transition Period, in connection with the operation of the Deferred AbbVie Local Businesses during such period:

(i) the Aggregate Net Amount is a positive number, Abbott (on behalf of all Abbott Local Entities) shall remit to AbbVie the Aggregate Net Amount derived from the operation of the Deferred AbbVie Local Business by all of the Abbott Local Entities; or

(ii) the Aggregate Net Amount is a negative number, AbbVie shall remit to Abbott the Aggregate Net Amount advanced for the operation of the Deferred AbbVie Local Business by all of the Abbott Local Entities.

(b) The Aggregate Net Amount shall be calculated in accordance with the principles set forth on Schedule 2.05(b).

Section 2.06. Services Affiliates.

(a) Not later than the fifteenth (15th) day of each calendar month during the International Operations Transition Period, and, in the calendar month immediately following the last calendar month of the International Operations Transition Period if the results of all operations of the Deferred AbbVie Local Business prior to the expiration of the International Operations Transition Period have not been included in the Aggregate Net Amount for a prior calendar month, each Services Affiliate for whom a Local Closing has not occurred, or for whom a Local Closing has occurred but for whom the results of all operations of the Deferred AbbVie Local Business prior to such Local Closing have not been included in the Aggregate Net Amount for a prior calendar month, shall prepare and deliver to the applicable Affiliate of AbbVie an invoice setting forth the following:

- and
- (i) the total costs and expenses incurred by such Services Affiliate to operate the Deferred AbbVie Local Business for the prior calendar month (the "AbbVie Business Expenses");
  - (ii) the amount of the mark-up of the costs and expenses in (i) (each a "Mark-Up Fee").

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(b) The applicable Affiliate of AbbVie, shall, pursuant to the terms of the applicable promotional and other services agreement entered into between such Affiliate of AbbVie and each Services Affiliate, pay to the applicable Services Affiliate the amount invoiced pursuant to Section 2.06(a) within forty-five (45) days from the date of the invoice by wire transfer (or such other timing or method of payment as may be agreed pursuant to the terms of the applicable promotional and other services agreement between the applicable Affiliate of AbbVie and the applicable Services Affiliate).

Section 2.07. Reporting; Disputes; Aggregate Net Amount Payment Mechanics.

(a) Not later than the eleventh (11th) Business Day of each calendar month during the International Operations Transition Period, and, in the calendar month immediately following the last calendar month of the International Operations Transition Period if the results of all operations of each Deferred AbbVie Local Business prior to the expiration of the International Operations Transition Period have not been included in the Aggregate Net Amount for a prior calendar month, Abbott shall prepare and deliver to AbbVie in writing, for each Abbott Local Entity for whom a Local Closing has not occurred, or for whom a Local Closing has occurred but for whom the results of all operations of the Deferred AbbVie Local Business prior to such Local Closing have not been included in the Aggregate Net Amount for a prior calendar month, in each case attributable to the Deferred AbbVie Local Business operated by the applicable Abbott Local Entity for the prior calendar month, each of the following:

- (i) a profit and loss statement, a balance sheet, and a cash flow statement (prepared using the indirect method); and
- (ii) a report (each, a "Report") setting forth:
  - (1) the Aggregate Net Amount;
  - (2) the Monthly Cash Increase or the Monthly Cash Decrease, as applicable, for each Local Buy-Sell Entity;
  - (3) the Aggregate Monthly Cash Increase and the Aggregate Monthly Cash Decrease;
  - (4) the Mark-Up Fee, the AbbVie Business Expenses and the Abbott Mark-Up Amount for each Services Affiliate; and
  - (5) the Aggregate Mark-Up Fee and the Aggregate AbbVie Business Expenses.

Each profit and loss statement, balance sheet, cash flow statement and Report shall be prepared in accordance with the principles set forth on Schedule 2.05(b) and, to the extent not inconsistent with such principles, in accordance with GAAP applied on a basis consistent with the AbbVie Pro Forma Balance Sheet, Abbott's historical accounting policies, procedures and conventions, and with the same level of detail as used by Abbott in the preparation of Abbott's monthly financial reporting package and the standard financial reports used by Abbott on the Distribution Date. Each profit and loss statement, balance sheet and cash

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flow statement shall include amounts specifically identifiable to the Deferred AbbVie Local Business segregated in unique AbbVie accounts within the Abbott Local Entity's financial systems.

(b) Within seven (7) days after the delivery of each Report, AbbVie shall deliver to Abbott a Notice in which AbbVie shall either:

(i) agree in writing with the Aggregate Net Amount, in which case such calculation shall, subject to Section 2.07(d) and Section 2.07(e) (as each relates to an Adjustment Dispute Notice), Section 2.07(f) and Section 2.07(g), be final and binding on the Parties; or

(ii) dispute the Aggregate Net Amount (or a component thereof) by delivering to Abbott a Notice (a "Dispute Notice") setting forth in reasonable detail the basis for such dispute and certifying that such disputed Aggregate Net Amount (or a component thereof) is being disputed in good faith.

For purposes of this Section 2.07(b), AbbVie may only deliver a Dispute Notice on the basis that Abbott's calculation of the Aggregate Net Amount (or a component thereof): (1) was not in accordance with the principles set forth on Schedule 2.05(b); (2) was not in accordance with, to the extent not inconsistent with the principles set forth on Schedule 2.05(b), GAAP applied on a basis consistent with the AbbVie Pro Forma Balance Sheet; or (3) contains mathematical errors in its calculation.

(c) If AbbVie fails to take either of the foregoing actions within ten (10) days after delivery of the Report, then AbbVie shall be deemed to have irrevocably accepted the Aggregate Net Amount, in which case, the Aggregate Net Amount shall, subject to Section 2.07(d) and Section 2.07(e) (as each relates to an Adjustment Dispute Notice), Section 2.07(f) and Section 2.07(g), be final and binding on the Parties.

(d) If AbbVie timely delivers a Dispute Notice to Abbott, either Party timely delivers an Adjustment Dispute Notice to the other Party pursuant to Section 2.07(f), or there is otherwise a dispute between the Parties with respect to the matters set forth in Section 2.04(b) or Section 3.04(b), then Abbott and AbbVie shall attempt in good faith, for a period of thirty (30) days, to resolve the dispute between the Parties. Any resolution by Abbott and AbbVie during such thirty (30) day period as to any items in dispute shall be final and binding on the Parties. If Abbott and AbbVie do not resolve all such items in dispute by the end of such thirty (30) day period, then Abbott and AbbVie shall engage a mutually agreeable independent accounting firm of recognized national standing, which firm is not the regular auditing firm of either Abbott or AbbVie, and shall submit to such independent accounting firm the remaining items in dispute (the "Unresolved Disputes") for resolution. If Abbott and AbbVie are unable to jointly select such independent accounting firm within fifteen (15) days after such thirty (30) day period, Abbott, on the one hand, and AbbVie, on the other hand, shall each select an independent accounting firm of recognized national standing in the United States of America and each such selected accounting firm shall select a third independent accounting firm of recognized national standing, which firm is not the regular auditing firm of either Abbott or AbbVie; provided, however, that if either Abbott, on the one hand, or AbbVie, on the other hand, fail to select such

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independent accounting firm during such fifteen (15) day period, then the Parties agree that the independent accounting firm selected by the other Party shall be the independent accounting firm selected by the Parties for purposes of this Section 2.07 (such selected independent accounting firm, whether pursuant to this sentence or the preceding sentence, the "Independent Accounting Firm"). The Independent Accounting Firm shall act as an accounting expert, but not as an arbitrator, to determine based solely on the provisions of this Section 2.07 (or Section 2.04(b) or Section 3.04(b), as applicable) and the presentations by Abbott and AbbVie, and not by independent review, only the Unresolved Disputes and only as to whether such amounts were arrived at in conformity with Section 2.07 and Schedule 2.05(b) (or Section 2.04(b) or Section 3.04(b), as applicable). Abbott and AbbVie shall instruct the Independent Accounting Firm to render its determination with respect to the Unresolved Disputes in a written report that specifies the conclusions of the Independent Accounting Firm as to each Unresolved Dispute. Abbott and AbbVie shall each use their commercially reasonable efforts to cause the Independent Accounting Firm to render its determination within ten (10) days after referral of the Unresolved Disputes to such firm or as soon thereafter as reasonably practicable. The Independent Accounting Firm's determination as set forth in its report shall be final and binding on the Parties. The fees and expenses of the Independent Accounting Firm shall be shared by Abbott and AbbVie in inverse proportion to the relative amounts of the amount in dispute determined to be for the account of Abbott and AbbVie, respectively.

(e) For purposes of complying with this [Section 2.07](#), Abbott and AbbVie shall furnish to each other and to the Independent Accounting Firm such work papers and other documents and information relating to the Unresolved Dispute as the Independent Accounting Firm may request and are available to that Party (or its independent public accountants) and shall be afforded the opportunity to present to the Independent Accounting Firm any material related to the Unresolved Dispute and to discuss any items relating to the Unresolved Dispute with the Independent Accounting Firm. The Parties shall require that the Independent Accounting Firm enter into a reasonable engagement letter and customary confidentiality agreement with respect to the work papers and other documents and information provided to the Independent Accounting Firm pursuant to this [Section 2.07](#).

(f) (i) Within sixty (60) days after the expiration of the ten (10) day period set forth in [Section 2.07\(b\)](#), either Party may deliver to the other Party a Notice (an “[Adjustment Notice](#)”) in which such Party disputes the Aggregate Net Amount (or a component thereof) previously determined and agreed upon pursuant to [Section 2.07\(b\)](#) or [Section 2.07\(c\)](#), which such [Adjustment Notice](#) shall set forth in reasonable detail the basis for such dispute and certifying that such dispute and the resulting proposed adjustment to the Aggregate Net Amount is being disputed in good faith. Any dispute included in a [Dispute Notice](#) delivered by AbbVie to Abbott pursuant to [Section 2.07\(b\)](#), that is either (i) resolved between the Parties pursuant to [Section 2.07\(d\)](#), or (ii) determined by the Independent Accounting Firm pursuant to [Section 2.07\(d\)](#) as an Unresolved Dispute may not, in either case, be included as an item in any [Adjustment Notice](#).

(ii) Within twenty (20) days after the delivery of any [Adjustment Notice](#), the Party receiving the [Adjustment Notice](#) shall either:

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(1) agree in writing with the proposed adjustment to the Aggregate Net Amount, in which case such adjustment shall be final and binding on the Parties; or

(2) dispute the proposed adjustment to the Aggregate Net Amount (or a component thereof) by delivering to the Party who issued the [Adjustment Notice](#) a Notice (an “[Adjustment Dispute Notice](#)”) setting forth in reasonable detail the basis for such dispute and certifying that such dispute with respect to the proposed adjustment to the Aggregate Net Amount (or a component thereof) is being disputed in good faith.

For purposes of this [Section 2.07\(f\)](#), a Party may only deliver an [Adjustment Notice](#) or an [Adjustment Dispute Notice](#) on the basis that the calculation of the Aggregate Net Amount (or a component thereof) previously determined and agreed upon pursuant to [Section 2.07\(b\)](#) or [Section 2.07\(c\)](#), or the proposed adjustment thereto, as applicable: (x) was not in accordance with the principles set forth on [Schedule 2.05\(b\)](#); (y) was not in accordance with, to the extent not inconsistent with the principles set forth on [Schedule 2.05\(b\)](#), GAAP applied on a basis consistent with the AbbVie Pro Forma Balance Sheet; or (z) contains mathematical errors in its calculation.

(g) If the Party receiving an [Adjustment Notice](#) fails to take either of the foregoing actions within twenty (20) days after delivery of such [Adjustment Notice](#), then such Party shall be deemed to have irrevocably accepted the proposed adjustment to the Aggregate Net Amount, in which case, such adjustment to the Aggregate Net Amount shall be final and binding on the Parties.

(h) (i) Not later than three (3) days following determination of the Aggregate Net Amount (other than with respect to the portion of the Aggregate Net Amount subject to an Unresolved Dispute): (A) if the Aggregate Net Amount (other than with respect to the portion of the Aggregate Net Amount subject to an Unresolved Dispute) is a positive number, AbbVie shall deliver a settlement statement to Abbott stating the Aggregate Net Amount (excluding the portion of the Aggregate Net Amount subject to an Unresolved Dispute); and (B) if the Aggregate Net Amount (other than with respect to the portion of the Aggregate Net Amount subject to an Unresolved Dispute) is a negative number, Abbott shall deliver a settlement statement to AbbVie stating the Aggregate Net Amount (excluding the portion of the Aggregate Net Amount subject to an Unresolved Dispute).

(ii) Not later than three (3) days following the Independent Accounting Firm’s determination of any Unresolved Dispute: (1) if the determination of the Independent Accounting Firm results in an increase to the Aggregate Net Amount that was subject to such Unresolved Dispute, AbbVie shall deliver a settlement statement to Abbott stating the amount of such increase, and (2) if the determination of the Independent Accounting Firm results in a decrease to the Aggregate Net Amount that was subject to such Unresolved Dispute, Abbott shall deliver a settlement statement to AbbVie stating the amount of such decrease.

(iii) Not later than three (3) days following determination of any adjustment to the Aggregate Net Amount previously determined and agreed upon pursuant to [Section 2.07\(b\)](#) or [Section 2.07\(c\)](#): (A) if the adjustment to the Aggregate Net Amount results in an Aggregate Net Amount that is greater than the Aggregate Net Amount previously determined

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and agreed upon pursuant to [Section 2.07\(b\)](#) or [Section 2.07\(c\)](#), AbbVie shall deliver a settlement statement to Abbott stating the amount of the adjustment; and (B) if the adjustment to the Aggregate Net Amount results in an Aggregate Net Amount that is less than the Aggregate Net Amount previously determined and agreed upon pursuant to [Section 2.07\(b\)](#) or [Section 2.07\(c\)](#), Abbott shall deliver a settlement statement to AbbVie stating the amount of the adjustment.

(iv) Abbott or AbbVie, as applicable, shall pay the amount stated on all settlement statements by wire transfer (or such other method of payment as may be agreed between the Parties) in US Dollars no later than the earlier of (1) five (5) days from the date of the applicable settlement statement, or (2) the last day of the calendar month in which the applicable settlement statement was delivered that banks in Chicago, Illinois, United States are open for business.

The Parties shall use their commercially reasonable efforts, and shall co-operate in good faith, to ensure that the Aggregate Net Amount is paid by Abbott Luxembourg or AbbVie Luxembourg, as applicable, within the same calendar month as the Report setting forth such Aggregate Net Amount is prepared and delivered by Abbott Luxembourg to AbbVie Luxembourg pursuant to [Section 2.07\(a\)\(ii\)](#).

**Section 2.08. [Late Payments.](#)** Any amount not paid when due pursuant to this Agreement (and any amounts billed or otherwise invoiced or demanded and properly payable that are not paid within sixty (60) days of the date of such bill, invoice or other demand) shall accrue interest at a rate per annum equal to the Prime Rate plus two percent (2%), or the maximum legal rate, whichever is lower.

**Section 2.09. [Accounting Calendar.](#)** AbbVie acknowledges that it has received a copy of Abbott’s internal accounting calendar for 2013 from Abbott. Prior to the commencement of each subsequent Abbott internal accounting calendar year during the International Operations Transition Period, Abbott shall make available to AbbVie a copy of Abbott’s internal accounting calendar for such Abbott internal accounting calendar year.

**Section 2.10. [Disclaimer of Representations and Warranties.](#)**

(a) EACH OF ABBOTT (ON BEHALF OF ITSELF AND EACH OF ITS SUBSIDIARIES) AND ABBVIE (ON BEHALF OF ITSELF AND EACH OF ITS SUBSIDIARIES) UNDERSTANDS AND AGREES THAT, EXCEPT AS EXPRESSLY SET FORTH HEREIN, NO PARTY TO THIS AGREEMENT OR OTHERWISE, IS (X): REPRESENTING OR WARRANTING TO ANY OTHER PARTY HERETO IN ANY WAY AS TO (I) THE ASSETS, BUSINESSES OR LIABILITIES TRANSFERRED OR ASSUMED AS CONTEMPLATED HEREBY; (II) ANY APPROVALS OR NOTIFICATIONS REQUIRED IN CONNECTION HEREWITH; (III) THE VALUE OR FREEDOM FROM ANY SECURITY INTERESTS OF, OR ANY OTHER MATTER CONCERNING, ANY ASSETS OF SUCH PARTY; (IV) THE ABSENCE OF ANY DEFENSES TO OR RIGHT OF SETOFF AGAINST OR FREEDOM FROM COUNTERCLAIM WITH RESPECT TO ANY PROCEEDING OR OTHER ASSET, INCLUDING ANY ACCOUNTS RECEIVABLE, OF EITHER PARTY; OR (V) THE LEGAL SUFFICIENCY OF ANY CONVEYANCE AND ASSUMPTION

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INSTRUMENTS TO CONVEY TITLE TO ANY ASSET OR THING OF VALUE UPON THE EXECUTION, DELIVERY AND FILING OF SUCH CONVEYANCE AND ASSUMPTION INSTRUMENTS: OR (Y) IS MAKING ANY OTHER REPRESENTATIONS OR GRANTING ANY WARRANTIES, EXPRESS OR IMPLIED, EITHER IN FACT OR BY OPERATION OF LAW, BY STATUTE OR OTHERWISE. EXCEPT AS MAY EXPRESSLY BE SET FORTH IN THIS AGREEMENT, ALL SUCH ASSETS ARE BEING TRANSFERRED ON AN “AS IS,” “WHERE IS” BASIS (AND, IN THE CASE OF ANY REAL PROPERTY, BY MEANS OF A QUITCLAIM OR SIMILAR FORM DEED OR CONVEYANCE) AND THE RESPECTIVE TRANSFERREES SHALL BEAR THE ECONOMIC AND LEGAL RISKS THAT (A) ANY CONVEYANCE AND ASSUMPTION INSTRUMENT MAY PROVE TO BE INSUFFICIENT TO VEST IN THE TRANSFEREE GOOD AND MARKETABLE TITLE, FREE AND CLEAR OF ALL SECURITY INTERESTS; AND (B) ANY NECESSARY CONSENTS ARE NOT OBTAINED OR THAT ANY REQUIREMENTS OF LAWS, AGREEMENTS, SECURITY INTERESTS OR JUDGMENTS ARE NOT COMPLIED WITH.

(b) (i) EXCEPT AS EXPRESSLY PROVIDED IN THIS AGREEMENT, EACH PARTY ACKNOWLEDGES AND AGREES THAT ALL SERVICES AND PRODUCTS ARE PROVIDED ON AN “AS-IS” BASIS, THAT EACH PARTY ASSUMES ALL RISK AND LIABILITY ARISING FROM OR RELATING TO ITS USE OF AND RELIANCE UPON THE SERVICES, AND THAT EACH PARTY MAKES NO WARRANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO THE SERVICES AND PRODUCTS, AND HEREBY DISCLAIMS ANY REPRESENTATION OR WARRANTY OF MERCHANTABILITY, FITNESS FOR ANY PARTICULAR PURPOSE, NON-INFRINGEMENT OR ANY OTHER WARRANTY WHATSOEVER; and (ii) notwithstanding anything to the contrary herein, Abbott and the Abbott Local Entities shall have no obligation to AbbVie or the AbbVie Local Entities for any Liabilities relating to, arising out of, or resulting from the performance of their respective obligations pursuant to this Agreement except to the extent that such Liabilities relate to, arise out of, or result from (1) gross negligence, willful misconduct or fraud of Abbott or an Abbott Local Entity or (2) any payment obligation of Abbott or any Abbott Local Entity pursuant to this Agreement.

(c) Each of Abbott (on behalf of itself and each of the Abbott Local Entities) and AbbVie (on behalf of itself and each of the AbbVie Local Entities) further understands and agrees that if the disclaimer of express or implied representations and warranties contained in this [Section 2.10](#) is held unenforceable or is unavailable for any reason under the Laws of any jurisdiction outside the United States or if, under the Laws of a jurisdiction outside the United States, both Abbott or any of the Local Abbott Entities, on the one hand, and AbbVie or any of the Local AbbVie Entities, on the other hand, are jointly or severally liable for any Liability of the Deferred AbbVie Local Business or any other Liability of the Abbott Local Entity, respectively, then, the Parties intend that, notwithstanding any provision to the contrary

ARTICLE III

TRANSFER OF DEFERRED ABBVIE LOCAL BUSINESSES

Section 3.01. **General.** With respect to the Deferred AbbVie Local Business of each Abbott Local Entity, on or before the end of the International Operations Transition Period: (a) AbbVie or an AbbVie Local Entity shall obtain legal title to the Assets and the Liabilities of such Deferred AbbVie Local Business from such Abbott Local Entity; (b) AbbVie shall elect that such Assets and Liabilities of such Deferred AbbVie Local Business be transferred to a distributor; or (c) at the request of AbbVie before the date that is ninety (90) days prior to the end of the International Operations Transition Period, or in accordance with [Section 3.05\(b\)](#) and [Section 3.05\(c\)](#), the applicable Abbott Local Entity shall sell to a Third Party or wind-down the Assets and the Liabilities of such Deferred AbbVie Local Business (each of (a), (b) and (c), a "**Local Closing**"). AbbVie shall be entitled to initiate a Local Closing by providing Abbott at least ninety (90) days prior Notice of the anticipated date of consummation of such Local Closing; provided, however, that, except with respect to a Local Closing pursuant to [Section 3.05](#), the actual closing date for any Local Closing shall be mutually agreed upon in advance between Abbott and AbbVie (the "**Local Closing Date**").

Section 3.02. **Transfer to AbbVie Local Entity.**

(a) If AbbVie initiates a Local Closing and elects to exercise its right to obtain legal title to the Assets and the Liabilities of the Deferred AbbVie Local Business from an Abbott Local Entity, such right shall be transferred by AbbVie to a duly formed AbbVie Local Entity. At such Local Closing, the Abbott Local Entity holding legal title to the Assets and Liabilities of the applicable Deferred AbbVie Local Business shall sell, transfer, convey and deliver to the applicable AbbVie Local Entity, and the applicable AbbVie Local Entity shall purchase and accept delivery of, all such Assets and the applicable AbbVie Local Entity shall accept, assume and agree faithfully to perform, discharge and fulfill all such Liabilities in exchange for a purchase price equal to the fair market value of such Deferred Local AbbVie Business as of the Local Closing Date. The Conveyance and Assumption Instruments for a Local Closing shall be substantially in the same form as those used by the Parties or their respective Subsidiaries, as applicable, in connection with the contribution, assignment, transfer, conveyance and delivery of the Assets and the transfer of the Liabilities of the AbbVie Business prior to the Distribution Date.

(b) Subject to [Section 3.04](#), no later than fifteen (15) days (or such lesser number of days as mutually agreed in writing by the Parties) prior to the Local Closing Date pursuant to [Section 3.02\(a\)](#), Abbott shall deliver to AbbVie and the applicable AbbVie Local Entity a report prepared by an internationally recognized public accounting firm setting forth the fair market value for the applicable Deferred AbbVie Local Business in accordance with the valuation methodologies applied by such an internationally recognized public accounting firm in connection with the contribution, assignment, transfer, conveyance and delivery of the Assets and the transfer of the Liabilities for the applicable AbbVie Business prior to the Distribution Date.

(c) If applicable Law permits an Affiliate of the applicable AbbVie Local Entity to pay the purchase price (whether to an Affiliate of the applicable Abbott Local Entity or the applicable Abbott Local Entity), then AbbVie may elect to pay the purchase price plus any applicable Conveyance Taxes on behalf of the applicable AbbVie Local Entity to the applicable Abbott Local Entity or Abbott, as elected by Abbott pursuant to the following sentence. If applicable Law permits an Affiliate of the applicable Abbott Local Entity to receive the purchase price on behalf of the applicable Abbott Local Entity, then Abbott may elect to receive the purchase price plus any applicable Conveyance Taxes on behalf of the applicable Abbott Local Entity. The purchase price plus any applicable Conveyance Taxes shall be paid by or on behalf of the AbbVie Local Entity to the Abbott Local Entity or Abbott on the applicable Local Closing Date in accordance with payment instructions to be provided in writing by Abbott. If paid by the applicable AbbVie Local Entity, the purchase price plus any applicable Conveyance Taxes shall be paid at the election of Abbott in US Dollars or the local currency of the jurisdiction in which the applicable Abbott Local Entity selling the Assets and the Liabilities of the Deferred AbbVie Local Business has its principal place of business ("**Local Currency**") by converting the applicable US Dollar amount to Local Currency using the Exchange Rate published two (2) days prior to the applicable Local Closing Date. If paid by AbbVie, the purchase price plus any applicable Conveyance Taxes shall be paid in US Dollars. For purposes of this [Section 3.02\(c\)](#), the amount of applicable Conveyance Taxes to be paid by AbbVie or the AbbVie Local Entity to Abbott or the Abbott Local Entity, as the case may be, shall be limited to those Conveyance Taxes for which AbbVie or its Subsidiaries is responsible under the Tax Sharing Agreement.

Section 3.03. **Transfer to Distributor.**

(a) If AbbVie initiates a Local Closing and elects to exercise its right to appoint a distributor to operate the Deferred Local AbbVie Business such right may be transferred by AbbVie to an Affiliate of AbbVie. At such Local Closing, the Abbott Local Entity holding legal title to the Assets and Liabilities of the applicable Deferred AbbVie Local Business shall sell, transfer, convey and deliver to the applicable distributor, and the applicable distributor shall purchase and accept delivery of, all such Assets and the applicable distributor shall accept, assume and agree faithfully to perform, discharge and fulfill all such Liabilities in exchange for a purchase price equal to the fair market value of such Deferred Local AbbVie Business as of the Local Closing Date, or, to the extent that not all of the Assets and Liabilities of the Deferred Local AbbVie Business are to be acquired by the distributor, the fair market value of the applicable Assets and Liabilities as of the Local Closing Date. If any distributor requires that the applicable Abbott Local Entity indemnify such distributor in connection with the purchase of the applicable Assets and the assumption of the applicable Liabilities of the Deferred Local AbbVie Business, then AbbVie shall indemnify the applicable Abbott Local Entity for any actions or claims brought against such Abbott Local Entity by the distributor pursuant to such indemnification, provided, however, that the applicable Abbott Local Entity shall (i) not provide any indemnification to any distributor without the prior written consent of AbbVie; and (ii) shall use commercially reasonable efforts limit the scope of any such indemnification.

(b) Subject to [Section 3.04](#), no later than fifteen (15) days (or such lesser number of days as mutually agreed in writing by the Parties) prior to the Local Closing Date, Abbott shall deliver to AbbVie and the applicable distributor a report prepared by an internationally recognized public accounting firm setting forth the fair market value for the

applicable Deferred AbbVie Local Business as of the Local Closing Date, or, to the extent that not all of the Assets and Liabilities of the Deferred Local AbbVie Business are to be acquired by the distributor, the fair market value of the applicable Assets and Liabilities as of the Local Closing Date.

(c) The purchase price plus any applicable Conveyance Taxes shall be paid by or on behalf of the distributor to the Abbott Local Entity on the applicable Local Closing Date in accordance with payment instructions to be provided in writing by the applicable Abbott Local Entity. The purchase price plus any applicable Conveyance Taxes shall be paid by or on behalf of the distributor in US Dollars or in Local Currency converted from the US Dollar amount using the Exchange Rate published two (2) days prior to the applicable Local Closing Date.

(d) If AbbVie initiates a Local Closing and reaches a mutual agreement with an Abbott Local Entity that such Abbott Local Entity shall be appointed as the distributor to operate the applicable Deferred Local AbbVie Business pursuant to a separate customary distribution agreement and for a period extending beyond the International Operations Transition Period, then Abbott shall acquire such right from AbbVie in exchange for a purchase price equal to the fair market value of such Deferred Local AbbVie Business as of the Local Closing Date, or, to the extent that not all of the Assets and Liabilities of the Deferred Local AbbVie Business are to be acquired by the Abbott Local Entity distributor, the fair market value of the applicable Assets and Liabilities as of the Local Closing Date. At such Local Closing, the Abbott Local Entity holding legal title to the Assets and Liabilities of the applicable Deferred AbbVie Local Business shall be appointed as the distributor to operate the applicable Deferred Local AbbVie Business pursuant to an agreement other than this Agreement, the Local Abbott Entity shall retain title to such Assets and the Local Abbott Entity shall faithfully perform, discharge and fulfill all such Liabilities in exchange for its appointment as distributor of such Deferred Local AbbVie Business. The purchase price shall be paid by Abbott to AbbVie on the applicable Local Closing Date in accordance with payment instructions to be provided in writing by AbbVie. The purchase price shall be paid by Abbott in US Dollars converted from the Local Currency using the Exchange Rate published two (2) days prior to the applicable Local Closing Date.

(e) If the distributor is either a Third Party or an Abbott Subsidiary and such distributor fails to reach an agreement with AbbVie to acquire all Assets, and assume all Liabilities, of a Deferred Local AbbVie Business, Abbott shall proceed to take such actions in accordance with [Section 3.05](#) as are reasonably necessary to; (i) sell to a Third Party the remaining Assets and Liabilities of the Deferred Local AbbVie Business, or (ii) wind-down and liquidate all of the remaining Assets and pay all of the remaining Liabilities of such Deferred AbbVie Local Business which are not acquired or assumed (as applicable) by the distributor.

Section 3.04. **Deferred AbbVie Balance Sheet.** In the event of a Local Closing under [Section 3.02](#) or [Section 3.03](#):

(a) not later than sixty (60) days (or such lesser number of days as mutually agreed in writing by the Parties) prior to the Local Closing Date, Abbott shall prepare and deliver to AbbVie a pro forma balance sheet (the "**Deferred AbbVie Balance Sheet**") setting forth the Assets and Liabilities of the Deferred AbbVie Local Business held by applicable Abbott Local Entity as at the last day of Abbott's most recent financial quarter. The Deferred AbbVie Balance

(b) if AbbVie disagrees with any amount set forth in the Deferred AbbVie Balance Sheet, AbbVie shall provide Notice to Abbott within ten (10) days of receipt of such Deferred AbbVie Balance Sheet stating the specific reasons for its disagreement. If Abbott and AbbVie are unable to resolve any disagreement, the disagreement shall be resolved pursuant to the procedures set forth in [Section 2.07\(d\)](#) and [Section 2.07\(e\)](#).

Section 3.05. [Sale or Wind-Down](#).

(a) If, before the date that is ninety (90) days prior to the end of the International Operations Transition Period, AbbVie initiates a Local Closing and requests that Abbott or the applicable Abbott Local Entity sell to a Third Party one or more of the Assets and Liabilities of a Deferred AbbVie Local Business or wind-down a Deferred AbbVie Local Business, then the following shall apply:

(i) Abbott or the applicable Abbott Local Entity shall proceed to make such commercially reasonable efforts in order to sell to a Third Party one or more of the Assets and Liabilities of the applicable Deferred AbbVie Local Business or wind-down the applicable Deferred AbbVie Local Business and liquidate all of the remaining Assets and pay all of the remaining AbbVie Liabilities of such applicable Deferred AbbVie Local Business; and

(ii) AbbVie shall make such commercially reasonable efforts, and shall co-operate in good faith, to assist Abbott or the applicable Abbott Local Entity with such sale or wind-down for the applicable Deferred AbbVie Local Business.

(b) If a Local Closing has not taken place pursuant to [Section 3.02](#), [Section 3.03](#) or [Section 3.05\(a\)](#) for any Abbott Local Entity on or before the date that is ninety (90) days prior to the end of the International Operations Transition Period, Abbott shall deliver to AbbVie a Notice setting forth (i) the name of the Abbott Local Entity or Abbott Local Entities holding any remaining Deferred AbbVie Local Business; (ii) the estimated fair market value of each such remaining Deferred AbbVie Local Business; and (iii) the nature of all Assets and Liabilities of each such remaining Deferred AbbVie Local Business.

(c) If AbbVie has not delivered Abbott a Notice within ten (10) days of receiving the Notice from Abbott pursuant to [Section 3.05\(b\)](#) that it desires to acquire the Assets and the Liabilities of each such remaining Deferred AbbVie Local Business, then the following shall apply:

(i) Abbott or the applicable Abbott Local Entity shall proceed to make such commercially reasonable efforts in order to sell to a Third Party one or more of the Assets and Liabilities of each applicable Deferred AbbVie Local Business or wind-down each Deferred

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AbbVie Local Business and liquidate all of the remaining Assets and pay all of the remaining AbbVie Liabilities of each such Deferred AbbVie Local Business;

(ii) AbbVie shall make such commercially reasonable efforts, and shall co-operate in good faith, to assist Abbott or the applicable Abbott Local Entity with such sale or wind-down for each applicable Deferred AbbVie Local Business; and

(iii) following the expiration of the International Operations Transition Period, except as set forth in [Section 3.05\(c\)\(i\)](#), Abbott and the Abbott Local Entities shall not have any responsibility, Liability or obligation to AbbVie with respect to all of the Assets and all of the Liabilities of each remaining Deferred AbbVie Local Business.

Section 3.06. [Proceeds from Local Closing](#).

(a) Within five (5) days of the receipt of the funds by Abbott or an Abbott Local Entity pursuant to [Section 3.02\(c\)](#), [Section 3.03\(c\)](#) or [Section 3.05](#) in connection with a Local Closing, Abbott shall remit to AbbVie an amount equal to the Net Proceeds in accordance with payment instructions to be provided in writing by AbbVie. The Net Proceeds shall be paid in US Dollars converted from Local Currency using the Exchange Rate published two (2) days prior to the applicable Local Closing Date.

(b) "Net Proceeds" shall mean the funds received by Abbott or the applicable Abbott Local Entity pursuant to [Section 3.02\(c\)](#), [Section 3.03\(c\)](#) or [Section 3.05](#) less (i) all remaining AbbVie Liabilities held by the applicable Abbott Local Entity and the costs incurred by the applicable Abbott Local Entity in connection with the sale or wind-down activities, (ii) the aggregate amount of Conveyance Taxes received, if any, that are the responsibility of AbbVie or its Subsidiaries under the Tax Sharing Agreement, and (iii) the amount of any applicable Conveyance Taxes to be paid by a distributor to Abbott or the applicable Abbott Local Entity in the case of a Local Closing described in [Section 3.03\(a\)](#), but only to the extent that such Conveyance Taxes would have been the responsibility of AbbVie or its Subsidiaries under the Tax Sharing Agreement had an AbbVie Local Entity and not the distributor acquired the Assets and Liabilities of the Deferred AbbVie Local Business.

(c) Within five (5) days of consummation of a Local Closing pursuant to [Section 3.02\(c\)](#), [Section 3.03\(c\)](#) or [Section 3.05](#), if the Net Proceeds is a negative number, AbbVie shall pay to Abbott an amount in full settlement of the negative Net Proceeds in accordance with payment instructions to be provided in writing by Abbott. The Net Proceeds shall be paid in US Dollars converted from Local Currency using the Exchange Rate published two (2) days prior to the applicable Local Closing Date.

Section 3.07. [Local Income Taxes](#). Any income Taxes (the "[Local Income Tax](#)") incurred by the Abbott Local Entity attributable to, resulting from, or arising out of, any gain attributable to the transfer of the Deferred AbbVie Local Business at the Local Closing shall be reimbursed by AbbVie to Abbott; provided that: (a) the amount of such reimbursement shall not exceed the lesser of the applicable Income Tax Benefit and the amount of applicable Local Income Tax; and (b) the Income Tax Benefit and the Local Income Tax shall be determined using the highest Tax rate of the applicable Abbott Local Entity (and not a rate determined solely

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for the Deferred AbbVie Local Business) in effect at the time of Local Closing. In the case of any loss incurred by the Abbott Local Entity attributable to, resulting from, or arising out of, the transfer of the Deferred AbbVie Local Business at the Local Closing, Abbott shall pay to AbbVie the amount of the Income Tax Benefit realized by the Local Abbott Entity from such loss; provided that, the amount of the Income Tax Benefit of the loss shall be determined using the highest Tax rate of the applicable Abbott Local Entity (and not a rate determined solely for the Deferred AbbVie Local Business) in effect for the calendar year of the Local Closing. Any amount due under this [Section 3.07](#) shall be paid in US Dollars within thirty (30) days of the filing of the relevant income Tax Return by the Local Abbott Entity that includes the Local Closing using the applicable Average Rate at the time such payment is made.

ARTICLE IV

TERM

Section 4.01. [Term](#). This Agreement shall become effective at the Effective Time and shall remain in effect for a term expiring on the earlier of (i) the date of the consummation of the last Local Closing for the applicable Abbott Local Entity and (ii) the second (2<sup>nd</sup>) anniversary of the Distribution Date (the "[Final Closing Date](#)").

Section 4.02. [Survival](#). The provisions of [Section 2.06](#), [Section 2.07](#), [Section 2.08](#), [Section 2.10](#), [Section 3.03\(e\)](#), [Section 3.05](#), [Section 3.06](#), this [Section 4.02](#), [Article V](#) and [Article VI](#) of this Agreement, any outstanding payment obligations under [Article II](#) and any outstanding payment and wind down obligations under [Article III](#) shall survive the termination of this Agreement and shall remain in full force and effect thereafter.

ARTICLE V

DISPUTE RESOLUTION

Section 5.01. [Dispute Resolution](#). Other than as set forth in [Section 2.07](#), in the event of any controversy, dispute or claim (a "Dispute") arising out of or relating to either Party's rights or obligations under this Agreement (whether arising in contract, tort or otherwise) or otherwise arising out of or relating in any way to this Agreement (including the interpretation or validity of this Agreement), such Dispute shall be resolved in accordance with the dispute resolution process referred to in Section 7.01 of the Separation and Distribution Agreement.

Section 5.02. [Continuation of Commitments](#). Unless otherwise agreed in writing, the Parties shall, and shall cause their respective Subsidiaries to, continue to honor all commitments under this Agreement to the extent required by this Agreement during the course of dispute resolution pursuant to the provisions of this [Article V](#) with respect to all matters related to such Dispute.

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ARTICLE VI

MISCELLANEOUS

Section 6.01. [Confidentiality](#).

(a) **Confidentiality.** From and after the Effective Time, subject to Section 6.02 and except as contemplated by or otherwise provided in this Agreement, Abbott, on behalf of itself and each of the Abbott Local Entities, and AbbVie, on behalf of itself and each of the AbbVie Local Entities, agrees to hold, and to cause its respective directors, officers, employees, agents, accountants, counsel and other advisors and representatives (each, a “Representative”) to hold, in strict confidence, with at least the same degree of care that applies to Abbott’s confidential and proprietary information pursuant to policies in effect as of the Effective Time, all confidential and proprietary information concerning the other Party (or its business) and the other Party’s Subsidiaries (or their respective businesses) that is either in its possession (including confidential and proprietary information in its possession prior to the Effective Time) or furnished by the other Party or the other Party’s Subsidiaries or their respective Representatives at any time pursuant to this Agreement, and shall not use any such confidential and proprietary information other than for such purposes as may be expressly permitted hereunder, except, to the extent that such confidential and proprietary information has been: (i) in the public domain or generally available to the public, other than as a result of a disclosure by such Party or any of its Subsidiaries or any of their respective Representatives in violation of this Agreement; (ii) later lawfully acquired from other sources by such Party or any of its Subsidiaries, which sources are not themselves bound by a confidentiality obligation or other contractual, legal or fiduciary obligation of confidentiality with respect to such confidential and proprietary information; or (iii) independently developed or generated without reference to or use of the respective proprietary or confidential information of the other Party or any of its Subsidiaries. If any confidential and proprietary information of one Party or any of its Subsidiaries is disclosed to another Party or any of its Subsidiaries in connection with providing services to such first Party or any of its Subsidiaries under this Agreement, then such disclosed confidential and proprietary information shall be used only as required to perform such services.

(b) **No Release.** Each Party agrees (i) not to release or disclose, or permit to be released or disclosed, any information addressed in Section 6.01(a), to any other Person, except its Representatives who need to know such information in their capacities as such, and except in compliance with Section 6.02 and (b) to use commercially reasonable efforts to maintain any such information in accordance with Section 6.03 of the Separation and Distribution Agreement.

(c) **Third-Party Information; Privacy and Data Protection Laws.** Each Party acknowledges that it and its respective Subsidiaries may presently have and, following the Effective Time, may gain access to or possession of confidential or proprietary information of, or personal information relating to, Third Parties (i) that was received under confidentiality or non-disclosure agreements entered into between such Third Parties, on the one hand, and the other Party or the other Party’s Subsidiaries, on the other hand, prior to the Effective Time; or (ii) that, as between the two Parties, was originally collected by the other Party or the other Party’s Subsidiaries and that may be subject to and protected by privacy, data protection or other

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applicable Laws. As provided in more detail in a data protection agreement to be entered into between Abbott and AbbVie as of the Effective Time, each Party agrees that it shall hold, protect and use, and shall cause its Subsidiaries and its and their respective Representatives to hold, protect and use, in strict confidence the confidential and proprietary information of, or personal information relating to, Third Parties in accordance with privacy, data protection or other applicable Laws and the terms of any agreements that were either entered into before the Effective Time or affirmative commitments or representations that were made before the Effective Time by, between or among the other Party or the other Party’s Subsidiaries, on the one hand, and such Third Parties, on the other hand.

Section 6.02. **Protective Arrangements.** In the event that either Party or any of its Affiliates is requested or required (by oral question, interrogatories, requests for information or documents, subpoena, civil investigative demand or similar process) by any Governmental Authority or pursuant to applicable Law to disclose or provide any confidential or proprietary information of the other Party that is subject to the confidentiality provisions hereof, or to disclose or provide any Personal Data that it processes on behalf of the other Party in accordance with the data protection agreement to be entered into between Abbott and AbbVie as of the Effective Time, such Party shall, unless prohibited by such request or requirement of the applicable Governmental Authority or under applicable Law, provide the other Party with Notice of such request or demand as promptly as practicable under the circumstances so that such other Party shall have an opportunity to seek an appropriate protective order, at such other Party’s own cost and expense. In the event that such other Party fails to receive such appropriate protective order in a timely manner and the Party receiving the request or demand reasonably determines that its failure to disclose or provide such information shall actually prejudice the Party receiving the request or demand, then the Party that received such request or demand may thereafter disclose or provide information to the extent required by such Law (as so advised by counsel) or by lawful process or such Governmental Authority.

Section 6.03. **Counterparts; Entire Agreement; Corporate Power; Facsimile Signatures.**

(a) **Counterparts.** This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement.

(b) **Entire Agreement.** This Agreement, the Separation and Distribution Agreement and the exhibits and schedules hereto and thereto contain the entire agreement between the Parties with respect to the subject matter hereof, supersede all previous agreements, negotiations, discussions, writings, understandings, commitments and conversations with respect to such subject matter and there are no agreements or understandings between the Parties other than those set forth or referred to herein or therein. It is the intention of the Parties that the Conveyance and Assumption Instruments shall be consistent with the terms of this Agreement. In the event of any conflict between the Conveyance and Assumption Instruments and this Agreement, the provisions of this Agreement shall control. The Parties agree that the Conveyance and Assumption Instruments are not intended and shall not be construed in any way to enhance, modify or decrease any of the rights or obligations of Abbott, any Abbott Local Entity, AbbVie or any AbbVie Local Entity from those contained in this Agreement.

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(c) **Corporate Power.** Abbott represents on behalf of itself and, to the extent applicable, each Abbott Local Entity and AbbVie represents on behalf of itself and, to the extent applicable, each AbbVie Local Entity as follows:

(i) each such Person has the requisite corporate or other power and authority and has taken all corporate or other action necessary in order to execute, deliver and perform this Agreement and to consummate the transactions contemplated hereby; and

(ii) this Agreement has been duly executed and delivered by it and constitutes a valid and binding agreement of it enforceable in accordance with the terms thereof.

(d) **Signatures and Delivery.** Each Party acknowledges that it and the other Party may execute this Agreement by manual, stamp or mechanical signature, and that delivery of an executed counterpart of a signature page to this Agreement (whether executed by manual, stamp or mechanical signature) by facsimile or by email in portable document format (PDF) shall be effective as delivery of such executed counterpart of this Agreement. Each Party expressly adopts and confirms a stamp or mechanical signature (regardless of whether delivered in person, by mail, by courier, by facsimile or by email in portable document format (PDF)) made in its respective name as if it were a manual signature delivered in person, agrees that it shall not assert that any such signature or delivery is not adequate to bind such Party to the same extent as if it were signed manually and delivered in person and agrees that, at the reasonable request of the other Party at any time, it shall as promptly as reasonably practicable cause each such Agreement to be manually executed (any such execution to be as of the date of the initial date thereof) and delivered in person, by mail or by courier.

Section 6.04. **Governing Law.** This Agreement shall be governed by and construed and interpreted in accordance with the Laws of the State of Delaware, irrespective of the choice of Laws and principles of the State of Delaware, as to all matters, including matters of validity, construction, effect, enforceability, performance and remedies.

Section 6.05. **Assignability.** This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns; provided, however, that neither Party may assign its rights or delegate its obligations under this Agreement without the express prior written consent of the other Party hereto. Notwithstanding the foregoing, no such consent shall be required for the assignment of a Party’s rights and obligations under this Agreement in whole in connection with a Change of Control of a Party, so long as the resulting, surviving or transferee Person assumes all the obligations of the relevant Party thereto by operation of Law or pursuant to an agreement in form and substance reasonably satisfactory to the other Party. Nothing herein is intended to, or shall be construed to, prohibit either Party or any of its Subsidiaries from being party to or undertaking a Change of Control.

Section 6.06. **Third Party Beneficiaries.** The provisions of this Agreement are solely for the benefit of the Parties, the Abbott Local Entities and the AbbVie Local Entities and their respective permitted successors and assigns, and are not intended to confer upon any Person except the Parties, the Abbott Local Entities and the AbbVie Local Entities and their permitted successors and assigns, any rights or remedies hereunder; and there are no other Third Party beneficiaries of this Agreement and this Agreement shall not provide any other Third Party with

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any remedy, claim, Liability, reimbursement, claim of action or other right in excess of those existing without reference to this Agreement.

Section 6.07. **Notices.** All Notices shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by overnight courier service or by facsimile with receipt confirmed (followed by delivery of an original via overnight courier service) or by registered or certified mail (postage prepaid, return receipt requested) to the respective Parties at the following addresses (or at such other address for a Party as shall be specified in a Notice):

If to Abbott:

Abbott Laboratories  
100 Abbott Park Road  
Abbott Park, Illinois 60064-6020  
Attn: Chief Financial Officer  
Facsimile: (847) 938-6277

with a copy to (which shall not constitute Notice):

Abbott Laboratories  
100 Abbott Park Road  
Abbott Park, Illinois 60064-6020  
Attn: General Counsel  
Facsimile: (847) 937-3966

If to AbbVie:

AbbVie Inc.  
1 North Waukegan Road  
North Chicago, Illinois 60064  
Attn: Chief Financial Officer  
Facsimile: (847) 935-3295

with a copy to (which shall not constitute Notice):

AbbVie Inc.  
1 North Waukegan Road  
North Chicago, Illinois 60064  
Attn: General Counsel  
Facsimile: (847) 935-3294

Either Party may, by Notice to the other Party, change the address to which such Notices are to be given.

Section 6.08. **Severability.** In the event that any one or more of the terms or provisions of this Agreement or the application thereof to any Person or circumstance is determined by a court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, such

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invalidity, illegality or unenforceability shall not affect any other term or provision of this Agreement, or the application of such term or provision to Persons or circumstances or in jurisdictions other than those as to which it has been determined to be invalid, illegal or unenforceable, and the Parties shall use their commercially reasonable efforts to substitute one or more valid, legal and enforceable terms or provisions into this Agreement which, insofar as practicable, implement the purposes and intent of the Parties. Any term or provision of this Agreement held invalid or unenforceable only in part, degree or within certain jurisdictions shall remain in full force and effect to the extent not held invalid or unenforceable to the extent consistent with the intent of the parties as reflected by this Agreement. To the extent permitted by applicable Law, each Party waives any term or provision of Law which renders any term or provision of this Agreement to be invalid, illegal or unenforceable in any respect.

Section 6.09. **Force Majeure.** Neither Party shall be deemed in default of this Agreement for failure to fulfill any obligation so long as and to the extent to which any delay or failure in the fulfillment of such obligations is prevented, frustrated, hindered or delayed as a consequence of circumstances of Force Majeure. In the event of any such excused delay, the time for performance shall be extended for a period equal to the time lost by reason of the delay. A Party claiming the benefit of this provision shall, as soon as reasonably practicable after the occurrence of any such event, (a) provide Notice to the other Party of the nature and extent of any such Force Majeure condition; and (b) use commercially reasonable efforts to remove any such causes and resume performance under this Agreement as soon as reasonably practicable. Notwithstanding the foregoing, the Final Closing Date shall not be delayed pursuant to this **Section 6.09** beyond the date that is thirty (30) months after the Distribution Date for all Local Closings.

Section 6.10. **No Set Off.** Except as expressly contemplated by this Agreement or mutually agreed to in writing by the Parties, neither Party nor any of its Affiliates shall have any right of set off or other similar rights with respect to (a) any amounts received pursuant to this Agreement, or (b) any other amounts claimed to be owed to the other Party or any of its Affiliates arising out of this Agreement.

Section 6.11. **Responsibility for Expenses.** Except as otherwise expressly set forth in this Agreement, or as otherwise agreed to in writing by the Parties, each Party shall bear its own costs and expenses incurred or accrued during the International Operations Transition Period; provided that all fees and expenses incurred or accrued by Abbott or AbbVie with respect to any legal, tax, valuation or other advisor engaged by Abbott or AbbVie upon the joint consent of Abbott and AbbVie solely in connection with the preparation for, and consummation of, a Local Closing (other than a sale or wind-down pursuant to **Section 3.05**) shall be shared equally, on terms to be agreed from time to time, between Abbott and AbbVie.

Section 6.12. **Headings.** The Article, Section and Paragraph headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

Section 6.13. **Waivers of Default.** Waiver by either Party of any default by the other Party of any provision of this Agreement shall not be deemed a waiver by the waiving Party of any subsequent or other default, nor shall it prejudice the rights of the waiving Party.

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Section 6.14. **Amendments.** No provisions of this Agreement shall be deemed amended, supplemented or modified unless such amendment, supplement or modification is in writing and signed by an authorized representative of both Parties. No provisions of this Agreement shall be deemed waived unless such waiver is in writing and signed by the authorized representative of the Party against whom it is sought to be enforced.

Section 6.15. **Interpretation.** Words in the singular shall be deemed to include the plural and vice versa and words of one gender shall be deemed to include the other genders as the context requires. The terms "hereof," "herein," and "herewith" and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement as a whole (including all of the Schedules hereto) and not to any particular provision of this Agreement. Article, Section and Schedule references are to the Articles, Sections and Schedules to this Agreement unless otherwise specified. Unless otherwise stated, all references to any agreement shall be deemed to include the exhibits, schedules and annexes to such agreement. The word "including" and words of similar import when used in this Agreement shall mean "including, without limitation," unless the context otherwise requires or unless otherwise specified. The word "or" shall not be exclusive. Unless otherwise specified in a particular case, the word "days" refers to calendar days. References herein to this Agreement shall be deemed to refer to this Agreement as of the date on which it is executed and as it may be amended, modified or supplemented thereafter, unless otherwise specified. References to the performance, discharge or fulfillment of any Liability in accordance with its terms shall have meaning only to the extent such Liability has terms. If the Liability does not have terms, the reference shall mean performance, discharge or fulfillment of such Liability.

Section 6.16. **Public Announcements.** From and after the Effective Time, Abbott and AbbVie shall consult with each other before issuing, and give each other the opportunity to review and comment upon, that portion of any press release or other public statements that relates to the transactions contemplated by this Agreement, and shall not issue any such press release or make any such public statement prior to such consultation, except (a) as may be required by applicable Law, court process or by obligations pursuant to any listing agreement with any national securities exchange or national securities quotation system; or (b) as otherwise set forth on Schedule 9.16 to the Separation and Distribution Agreement.

Section 6.17. **Specific Performance.** In the event of any actual or threatened default in, or breach of, any of the terms, conditions and provisions of this Agreement, the Party or Parties who are or are to be thereby aggrieved shall have the right to specific performance and injunctive or other equitable relief (on an interim or permanent basis) of its rights under this Agreement, in addition to any and all other rights and remedies at law or in equity, and all such rights and remedies shall be cumulative. The Parties agree that the remedies at law for any breach or threatened breach, including monetary damages, may be inadequate compensation for any loss and that any defense in any Proceeding for specific performance that a remedy at Law would be adequate is waived.

Section 6.18. **Mutual Drafting.** This Agreement shall be deemed to be the joint work product of the Parties and any rule of construction that a document shall be interpreted or construed against a drafter of such document shall not be applicable.

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IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives.

ABBOTT LABORATORIES

ABBVIE INC.

By: /s/ Thomas C. Freyman  
Name: Thomas C. Freyman

By: /s/ Richard A. Gonzalez  
Name: Richard A. Gonzalez



[Signature Page to International Commercial Operations Agreement]

**Schedule 1.01(a)**

**Abbott Local Entities**

<u>Abbott Subsidiary Company Name</u>	<u>Jurisdiction</u>
Abbott Products Algeria EURL	Algeria
Abbott Products EOOD	Bulgaria
Abbott Laboratories Trading (Shanghai) Co., Ltd	China
Abbott Laboratorios del Ecuador Cia. Ltda.	Ecuador
Abbott Laboratorios S.A.	Peru
Abbott Products Romania SRL	Romania
Abbott Laboratorios Uruguay S.A.	Uruguay
Each branch or representative office of Abbott Laboratories International LLC to the extent that such branch or representative office has Assets and Liabilities related to the AbbVie Business.	Each jurisdiction in which a branch or representative office of Abbott Laboratories International LLC has Assets and Liabilities of the AbbVie Business.

Any other Abbott Subsidiary not listed on this Schedule 1.01(a), as determined by, and agreed between, Abbott and AbbVie, as being an Abbott Local Entity shall be treated as an Abbott Local Entity, including any Abbott Subsidiaries in the following jurisdictions: Honduras, Lebanon, Namibia, Nicaragua, Syria and The Virgin Islands.

**Schedule 1.01(b)**

**Services Affiliates**

<u>Abbott Subsidiary Company Name</u>	<u>Jurisdiction</u>
Abbott Products Algeria EURL	Algeria
Abbott Products Romania SRL	Romania
Each branch or representative office of Abbott Laboratories International LLC to the extent that such branch or representative office has Assets and Liabilities related to the AbbVie Business.	Each jurisdiction in which a branch or representative office of Abbott Laboratories International LLC has Assets and Liabilities of the AbbVie Business.

Any other Abbott Subsidiary not listed on this Schedule 1.01(b), as determined by, and agreed between, Abbott and AbbVie, as being a Services Affiliate shall be treated as a Services Affiliate, including, any Abbott Subsidiaries in the following jurisdictions: Honduras, Lebanon, Namibia, Nicaragua, Syria and The Virgin Islands.

**Schedule 2.05(b)**

**Accounting Principles**

“**Abbott Mark-Up Amount**” means an amount equal to 3% of all expenses incurred by a Services Affiliate attributable to the operation of the Deferred AbbVie Local Business during the International Operations Transition Period for items that would have otherwise constituted services provided by such Services Affiliate under the Ex-U.S. Transition Services Agreement if the Local Closing for such Services Affiliate had taken place prior to the Distribution Date, which such amount represents a portion of the Mark-Up Fees for the applicable Services Affiliate.

“**Aggregate AbbVie Business Expenses**” means (a) the sum of all AbbVie Business Expenses in respect of all Services Affiliates for whom a Local Closing has not occurred **plus** (b) the sum of all AbbVie Business Expenses in respect of all Services Affiliates for whom a Local Closing has occurred but such AbbVie Business Expenses have not been included in the Aggregate Net Amount for a prior calendar month.

“**Aggregate Mark-Up Fee**” means (a) the sum of all Mark-Up Fees in respect of all Services Affiliates for whom a Local Closing has not occurred; **plus** (b) the sum of all Mark-Up Fees in respect of all Services Affiliates for whom a Local Closing has occurred but such Mark-Up Fees have not been included in the Aggregate Net Amount for a prior calendar month; **minus**; (c) the sum of all Abbott Mark-Up Amounts in respect of all Services Affiliates for whom a Local Closing has not occurred **minus**; (d) the sum of all Abbott Mark-Up Amounts in respect of all Services Affiliates for whom a Local Closing has occurred but such Mark-Up Fees have not been included in the Aggregate Net Amount for a prior calendar month.

“**Aggregate Monthly Cash Decrease**” means (a) the sum of all Monthly Cash Decreases in respect of all Local Buy-Sell Entities for whom a Local Closing has not occurred; **plus** (b) the sum of all Monthly Cash Decreases in respect of all Local Buy-Sell Entities for whom a Local Closing has occurred but such Monthly Cash Decreases have not been included in the Aggregate Net Amount for a prior calendar month.

“**Aggregate Monthly Cash Increase**” means (a) the sum of all Monthly Cash Increases in respect of all Local Buy-Sell Entities for whom a Local Closing has not occurred; **plus** (b) the sum of all Monthly Cash Increases in respect of all Local Buy-Sell Entities for whom a Local Closing has occurred but such Monthly Cash Increases have not been included in the Aggregate Net Amount for a prior calendar month.

“**Aggregate Net Amount**” means (a) the Aggregate Monthly Cash Increase; **minus** (b) the Aggregate Monthly Cash Decrease; **plus** (c) the Aggregate Mark-Up Fee.

“**Ex-US Transition Services Agreement**” means the Ex-U.S. Transition Services Agreement entered into prior to the Effective Time by and between Abbott, AbbVie and certain of their respective Affiliates.

“**Monthly Cash Decrease**” means for each calendar month during the International Operations Transition Period, the cash advanced to each Deferred AbbVie Local Business held

by a Local Buy-Sell Entity for whom a Local Closing has not occurred, or for whom a Local Closing has occurred but such Monthly Cash Decrease has not been included in the Aggregate Net Amount for a prior calendar month, which such amount shall be reflected in the cash flow statement for such Local Buy-Sell Entity as the “Net decrease in cash” and which such amount shall be converted from Local Currency to US Dollars using the Book Rate.

“**Monthly Cash Increase**” means for each calendar month during the International Operations Transition Period, the cash derived from each Deferred AbbVie Local Business held by a Local Buy-Sell Entity for whom a Local Closing has not occurred, or for whom a Local Closing has occurred but such Monthly Cash Increase has not been included in the Aggregate Net Amount for a prior calendar month, which such amount shall be reflected in the cash flow statement for such Local Buy-Sell Entity as the “Net increase in cash” and which such amount shall be converted from Local Currency to US Dollars using the Book Rate.

2. In calculating, for each Local Buy-Sell Entity, the Monthly Cash Increase or the Monthly Cash Decrease, as applicable, the following shall be taken into account:

(a) Each of the profit and loss statement, balance sheet and cash flow statement provided in accordance with Section 2.07(a) shall be prepared in accordance with the principles set forth in this Schedule 2.05(b) and, to the extent not inconsistent with such principles, in accordance with GAAP applied on a basis consistent with the AbbVie Pro Forma Balance Sheet, Abbott’s historical accounting policies, procedures and conventions, and with the same level of detail as used by Abbott in the preparation of Abbott’s monthly financial reporting package and the standard financial reports used by Abbott on the Distribution Date. Such financial statements shall include amounts specifically attributable to the Deferred AbbVie Local Business segregated in unique AbbVie accounts within the Local Buy-Sell Entity’s financial systems.

(b) The net income of the Deferred Local AbbVie Business of each Local Buy-Sell Entity reflected in the profit and loss statement shall be calculated in accordance with the principles set forth in this Schedule 2.05(b) and, to the extent not inconsistent with such principles, in accordance with GAAP applied on a basis consistent with the AbbVie Pro Forma Balance Sheet and Abbott’s historical accounting policies, procedures and conventions. The net income of the Deferred Local AbbVie Business of each Local Buy-Sell Entity shall be converted from Local Currency to US Dollars using the Average Rate.

(c) The Assets and Liabilities attributable to the Deferred AbbVie Local Business of each Local Buy-Sell Entity reflected in the balance sheet shall be converted from Local Currency to US Dollars using the Book Rate.

(d) In calculating the net income of each Local Buy-Sell Entity: (i) a mark-up of 3% shall be added to all expenses incurred by such Local Buy-Sell Entity attributable to the operation of the Deferred AbbVie Local Business during the International Operations Transition Period for items that would have otherwise constituted services provided by such Local Buy-Sell Entity under the Ex-U.S. Transition Services Agreement if the Local Closing for such Local Buy-Sell Entity had taken place prior to the Distribution Date; and (ii) a mark-up of 10% shall be added to all expenses incurred by such Local Buy-Sell Entity attributable to the operation of the

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Deferred AbbVie Local Business during the International Operations Transition Period for items that would have otherwise constituted services provided by such Local Buy-Sell Entity under a contract manufacturing agreement if the Local Closing for such Local Buy-Sell Entity had taken place prior to the Distribution Date. All other expenses attributable to the operations of the Deferred AbbVie Local Business incurred by each Local Buy-Sell Entity during the International Operations Transition Period (for example, salaries of employees of the Deferred AbbVie Local Business) shall not be subject to a mark-up when calculating the net income of such Local Buy-Sell Entity.

(e) The portion of the interest expense on any loans entered into by a Local Buy-Sell Entity attributable to the operation of the Deferred AbbVie Local Business shall be taken into account for purposes of calculating the Monthly Cash Increase or the Monthly Cash Decrease, as applicable, for such Local Buy-Sell Entity. If any interest expense on any such loan is included in the calculation of the Monthly Cash Increase or the Monthly Cash Decrease for the applicable Local Buy-Sell Entity, then the applicable cash proceeds and loan Liability with respect to such loan attributable to the operation of the Deferred AbbVie Local Business shall be (i) included as an Asset and a Liability of the Deferred AbbVie Local Business of the applicable Local Buy-Sell Entity, and (ii) included in the calculation of the Monthly Cash Increase or Monthly Cash Decrease for the applicable Local Buy-Sell Entity. If any loan Liability with respect to the operation of the Deferred AbbVie Local Business remains outstanding as of the Local Closing Date, then such loan Liability shall be repaid in full by AbbVie or an Affiliate of AbbVie as part of the consummation of the Local Closing for such Local Buy-Sell Entity.

(f) The portion of the cost of the Local Buy-Sell Entity entering into financial hedging arrangements attributable to the operation of the Deferred AbbVie Local shall be taken into account for purposes of calculating the Monthly Cash Increase or the Monthly Cash Decrease, as applicable, for such Local Buy-Sell Entity.

(g) The portion of the exchange gain or exchange loss incurred by the Local Buy-Sell Entity attributable to the operation of the Deferred AbbVie Local Business shall be taken into account for purposes of calculating the Monthly Cash Increase or the Monthly Cash Decrease, as applicable, for each Local Buy-Sell Entity.

(h) If there is a dispute between the Parties in respect of any amount set forth in the Deferred AbbVie Business Report relating to the AbbVie Assets and AbbVie Liabilities of a Deferred AbbVie Local Business of a Local Buy-Sell Entity, the Monthly Cash Increase or Monthly Cash Decrease in respect of such Local Buy-Sell Entity shall be excluded from the calculation of the Aggregate Monthly Cash Increase or the Aggregate Monthly Cash Decrease until such time as the dispute has been resolved in accordance with [Section 2.04\(b\)](#) or [Section 2.07\(d\)](#) and [Section 2.07\(e\)](#). Upon resolution of the dispute, the Monthly Cash Increase(s) or Monthly Cash Decrease(s) in respect of the Deferred AbbVie Local Business of such Local Buy-Sell Entity for all calendar months since the Distribution Date shall each be included in the calculation of the next Aggregate Monthly Cash Increase or the Aggregate Monthly Cash Decrease.

(i) In determining the amount of the Monthly Cash Increase or Monthly Cash Decrease, as applicable, of any Deferred AbbVie Local Business, any income Taxes accrued but

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unpaid attributable to such Deferred AbbVie Local Business (the "Accrued Taxes") for such period shall be determined using the statutory rates required by GAAP. Except as provided below, no further adjustments shall be made for the difference, if any, between the Accrued Taxes for any Tax year and the actual amount paid with respect to such Taxes for such Tax year attributable to such Deferred AbbVie Local Business determined using the highest Tax rate of the applicable Abbott Local Entity (and not a rate determined solely for the Deferred AbbVie Local Business) (the "Actual Tax Amount"). Within a reasonable period of time following the filing of the income Tax Return by an Abbott Local Entity that includes the results of the Deferred AbbVie Local Business, in whole or in part, (a) if the Actual Tax Amount with respect to the Deferred AbbVie Local Business is greater than the Accrued Taxes during such Tax year, AbbVie shall pay Abbott the amount of such difference, and (b) if the Actual Tax Amount with respect to the Deferred AbbVie Local Business is less than the Accrued Taxes during such Tax year, Abbott shall pay AbbVie the amount of such difference. All amounts paid by AbbVie or Abbott pursuant to the preceding sentence shall be paid in US Dollars converted from Local Currency to US Dollars using the Average Rate in effect at the time such payment is made. All Taxes attributable to the operation of each Deferred AbbVie Local Business shall be calculated on a standalone basis.

(j) To the extent that GAAP rules are modified by the Financial Accounting Standards Board during the International Operations Transition Period, the net income of the Deferred Local AbbVie Business of each Local Buy-Sell Entity reflected in the profit and loss statement shall be calculated, and each profit and loss statement, balance sheet and cash flow statement provided in accordance with [Section 2.07\(a\)](#) shall be prepared, in accordance with the principles set forth in this [Schedule 2.05\(b\)](#) and, to the extent not inconsistent with such principles, in accordance with GAAP applied on a basis consistent with the AbbVie Pro Forma Balance Sheet as updated to reflect such modifications to the GAAP rules and Abbott's historical accounting policies, procedures and conventions.

3. No interest shall be payable by AbbVie to Abbott in respect of the Assets of a Deferred AbbVie Local Business held by the Abbott Local Entities during the International Operations Transition Period.

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## LUXEMBOURG INTERNATIONAL COMMERCIAL OPERATIONS AGREEMENT

BY AND BETWEEN

ABBOTT INVESTMENTS LUXEMBOURG S.à r.l.

AND

ABBVIE INVESTMENTS S.à r.l.

DATED AS OF DECEMBER 31, 2012

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THIS LUXEMBOURG INTERNATIONAL COMMERCIAL OPERATIONS AGREEMENT, dated as of December 31, 2012, is by and between Abbott Investments Luxembourg S.à r.l., a company organized and existing under the laws of Luxembourg ("Abbott Luxembourg") and AbbVie Investments S.à r.l., a company organized and existing under the laws of Luxembourg ("AbbVie Luxembourg").

## RECITALS:

WHEREAS, Abbott Laboratories, an Illinois corporation ("Abbott"), announced its plan to separate (the "Separation") into two publicly traded companies, one in diversified medical products and the other in research-based pharmaceuticals. The diversified medical products company shall consist of Abbott and its Affiliates' (as defined herein) existing diversified medical products portfolio, including its branded generic pharmaceutical, devices, diagnostic and nutritional businesses, and shall retain the Abbott name. The research-based pharmaceutical company shall include Abbott and its Affiliates' current portfolio of proprietary pharmaceuticals and biologics and shall bear the new name "AbbVie";

WHEREAS, in connection with the Separation, Abbott and AbbVie Inc., a Delaware corporation (“AbbVie”), have entered into a Separation and Distribution Agreement (as may be amended from time to time, the “Separation and Distribution Agreement”) to govern the overall terms of the Separation;

WHEREAS, Abbott Luxembourg is an indirect Subsidiary (as defined herein) of Abbott and the direct or indirect parent of each of the Abbott Subsidiaries (as defined herein) listed on Schedule 1.01(a) hereto (each, an “Abbott Local Entity”);

WHEREAS, as of the Effective Time (as defined herein), AbbVie Luxembourg shall be a Subsidiary of AbbVie;

WHEREAS, it is in the framework of the Separation that Abbott Luxembourg and AbbVie Luxembourg have entered into that certain Common Terms of Demerger, dated as of September 19, 2012 (the “Luxembourg Demerger Plan”), pursuant to which, among other things, the beneficial interest to the AbbVie Assets and the AbbVie Liabilities of the AbbVie Business (each as defined herein) conducted by the Abbott Local Entities has been demerged to AbbVie Luxembourg;

WHEREAS, pursuant to the terms of the Luxembourg Demerger Plan and in accordance with the terms of the Separation and Distribution Agreement, due to the requirements of applicable Laws, the need to obtain certain consents from local Governmental Authorities (as defined herein) or for other business reasons, Abbott Luxembourg and AbbVie Luxembourg have agreed (a) to defer until after the Distribution Date (as defined herein) the transfer of legal title to the Assets (as defined herein) and the assumption of the Liabilities (as defined herein) of each Deferred AbbVie Local Business (as defined herein) from the Abbott Local Entities to AbbVie Luxembourg or any AbbVie Local Entity (as defined herein) and (b) (i) to transfer, as of the effective time of the demerger pursuant to the Luxembourg Demerger Plan, beneficial title to all AbbVie Assets of each Abbott Local Entity, including the right to regularly receive the benefits with respect to each Deferred AbbVie Local Business earned by the Local Abbott

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Entities, to AbbVie Luxembourg and (ii) that AbbVie Luxembourg shall assume the applicable Liabilities of each Abbott Local Entity as beneficial owner of each Deferred AbbVie Local Business;

WHEREAS, pursuant to the Luxembourg Demerger Plan, the consideration for the transfer of beneficial ownership of each Deferred AbbVie Local Business to AbbVie Luxembourg was satisfied by the issuance of shares by AbbVie Luxembourg to Abbott International Luxembourg S.à.r.l as part of the demerger of Abbott Luxembourg;

WHEREAS, Abbott Luxembourg and AbbVie Luxembourg agree that the transfer of each Deferred AbbVie Local Business to the applicable AbbVie Local Entity or distributor shall not ultimately result in the payment of further consideration by AbbVie Luxembourg or the applicable AbbVie Local Entity as a consequence of the purchase price for each such Deferred AbbVie Local Business being reimbursed by Abbott Luxembourg to AbbVie Luxembourg in accordance with Section 3.06; and

WHEREAS, each of Abbott Luxembourg and AbbVie Luxembourg desires to describe these and certain other arrangements between Abbott Luxembourg and AbbVie Luxembourg during and at the conclusion of the International Operations Transition Period (as defined herein).

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained in this Agreement (as defined herein), the Parties (as defined herein) hereby agree as follows:

## ARTICLE I

### DEFINITIONS

Section 1.01. Definitions. Reference is made to Section 6.15 regarding the interpretation of certain words and phrases used in this Agreement. In addition, for the purpose of this Agreement, the following terms shall have the meanings set forth below; provided that where such term is defined to have the meaning set forth in the Separation and Distribution Agreement and such definition includes the term “Party”, then “Party” as used in the definition of such term in the Separation and Distribution Agreement shall be construed to have the meaning set forth in this Agreement.

“Abbott” has the meaning set forth in the Recitals.

“Abbott Local Entity” has the meaning set forth in the Recitals.

“Abbott Luxembourg” has the meaning set forth in the Preamble.

“Abbott Mark-Up Amount” has the meaning set forth in Schedule 2.05(b).

“Abbott Subsidiary” means any Business Entity that is a Subsidiary (or a branch or representative office thereof) of Abbott prior to, at or after the Effective Time (other than AbbVie or an AbbVie Subsidiary).

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“AbbVie” has the meaning set forth in the Recitals.

“AbbVie Assets” has the meaning set forth in the Separation and Distribution Agreement.

“AbbVie Business” has the meaning set forth in the Separation and Distribution Agreement.

“AbbVie Business Expenses” has the meaning set forth in Section 2.06(a)(i).

“AbbVie Liabilities” has the meaning set forth in the Separation and Distribution Agreement.

“AbbVie Local Entity” means each AbbVie Subsidiary or designee that acquires legal title to any Assets or Liabilities of a Deferred AbbVie Local Business in accordance with the terms of this Agreement.

“AbbVie Logistics” means AbbVie Logistics B.V., a private company with limited liability, organized and existing under the laws of the Netherlands, having its corporate seat in Zwolle, the Netherlands, with its office address at Meeuwenlaan 4, 8011 BZ Zwolle, the Netherlands and registered with the Trade Register of the Chambers of Commerce under number 54910765.

“AbbVie Luxembourg” has the meaning set forth in the Preamble.

“AbbVie Pro Forma Balance Sheet” has the meaning set forth in the Separation and Distribution Agreement.

“AbbVie Subsidiary” means any Business Entity that is a Subsidiary (or branch or representative office thereof) of AbbVie prior to or after the Effective Time, including the Transferred Entities, which shall be deemed to have been AbbVie Subsidiaries at all times prior to, at and after the Effective Time.

“Accrued Taxes” has the meaning set forth in Schedule 2.05(b).

“Actual Tax Amount” has the meaning set forth in Schedule 2.05(b).

“Adjustment Dispute Notice” has the meaning set forth in Section 2.07(f)(ii)(2).

“Adjustment Notice” has the meaning set forth in Section 2.07(f)(i).

“Affiliate” has the meaning set forth in the Separation and Distribution Agreement.

“Aggregate AbbVie Business Expenses” has the meaning set forth in Schedule 2.05(b).

“Aggregate Mark-Up Fee” has the meaning set forth in Schedule 2.05(b).

“Aggregate Monthly Cash Decrease” has the meaning set forth in Schedule 2.05(b).

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“Aggregate Monthly Cash Increase” has the meaning set forth in Schedule 2.05(b).

“Aggregate Net Amount” has the meaning set forth in Schedule 2.05(b).

“Agreement” means this Luxembourg International Commercial Operations Agreement and each of the Schedules and Exhibits hereto.

“Assets” has the meaning set forth in the Separation and Distribution Agreement.

“Average Rate” means the exchange rate determined by taking the simple average of the prior month Book Rate and the current month Book Rate.

“Book Rate” means for any currency other than US Dollars, the official monthly rates used by Abbott for conversion of its monthly balance sheet. The Book Rate is determined by taking the foreign exchange rates from the Bloomberg screen at the second to last Business Day of each calendar month. For the Euro, British Pound, Australian Dollar and New Zealand Dollar, the bid rate is used. For all other currencies, the ask price is used. If the exchange rates available locally are not reflected on the Bloomberg screen, Abbott may choose to approve a deviation allowing the country to report rates directly; provided that such deviations are signed and in place in accordance with the Abbott B.2.0 policy.

“Brazilian Local Entity” means Abbott Laboratorios do Brasil Ltda., a private company with limited liability, organized and existing under the laws of Brazil, with its registered office address at Rua Michigan, 735, Sao Paulo, Brazil 4566-905 and registered with the Brazilian Ministry of Revenue under CNPJ number 56.998.701/0001-16.

“Business Day” means any day other than a Saturday, Sunday or other day on which Abbott shall be closed for business in accordance with Abbott’s internal accounting calendar.

“Business Entity” means any corporation, general or limited partnership, trust, joint venture, unincorporated organization, limited liability entity or other entity.

“Change of Control” has the meaning set forth in the Separation and Distribution Agreement.

“Consents” means any consents, waivers or approvals from, or notification requirements to, any Third Parties.

“Conveyance and Assumption Instruments” has the meaning set forth in the Separation and Distribution Agreement.

“Conveyance Taxes” means all transfer, documentary, recording, sales, use, registration, stamp, value added, goods and services and other similar Taxes (including all applicable real estate transfer Taxes, but excluding any Taxes based on or attributable to income or capital gains), together with any notarial and registry fees and recording costs imposed by any Tax Authority or other Governmental Authority in connection with the transactions contemplated by this Agreement.

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“Deferred AbbVie Balance Sheet” has the meaning set forth in Section 3.04(a).

“Deferred AbbVie Business Report” has the meaning set forth in Section 2.04(a).

“Deferred AbbVie Local Business” means the AbbVie Business conducted by each Abbott Local Entity from the Effective Time until the consummation of the applicable Local Closing.

“Dispute” has the meaning set forth in Section 5.01.

“Dispute Notice” has the meaning set forth in Section 2.07(b)(ii).

“Distribution Date” has the meaning set forth in the Separation and Distribution Agreement.

“Effective Time” means 12:01 a.m. Eastern Time on the Distribution Date.

“Employment Taxes” means withholding, payroll, social security, workers’ compensation, unemployment, disability, and any similar tax imposed by any Tax Authority or social security authority, and any interest, penalties, additions to tax, or additional amounts with respect to the foregoing imposed on any taxpayer or consolidated, combined, or unitary group of taxpayers.

“Exchange Rate” means the exchange rate between the applicable Local Currency and US Dollars as observed by Bloomberg (ask rate or, if the Local Currency is in Euros, bid rate) at 8:00a.m. Central Time Chicago on any given day.

“Ex-US Transition Services Agreement” has the meaning set forth in Schedule 2.05(b).

“Final Closing Date” has the meaning set forth in Section 4.01(a).

“Force Majeure” means, with respect to a Party, an event beyond the control of such Party (or any Person acting on its behalf), which by its nature could not reasonably have been foreseen by such Party (or such Person), or, if it could reasonably have been foreseen, was unavoidable, and includes acts of God, storms, floods, riots, fires, sabotage, civil commotion or civil unrest, interference by civil or military authorities, acts of war (declared or undeclared) or armed hostilities, other national or international calamities or acts of terrorism or failures of energy sources or distribution or transportation facilities. Notwithstanding the foregoing, the receipt by a Party of an unsolicited takeover offer or other acquisition proposal, even if unforeseen or unavoidable, and such Party’s response thereto shall not be deemed an event of Force Majeure.

“GAAP” means U.S. generally accepted accounting principles as applied by Abbott.

“Governmental Authority” means any supranational, international, national, federal, state, provincial or local court, government, department, commission, board, bureau, agency, official or other regulatory, administrative or governmental authority, including the NYSE and any similar self-regulatory body under applicable securities Laws.

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“Income Tax Benefit” means the amount of Taxes measured by income that would be reduced as a result of a loss incurred upon the consummation of a Local Closing, or of an increase in Tax basis resulting from a Local Closing, as determined in accordance with GAAP and the principles set forth in Section 3.07.

“Independent Accounting Firm” has the meaning set forth in Section 2.07(d).

“Information” has the meaning set forth in the Separation and Distribution Agreement.

“International Operations Transition Period” means the period commencing on the Effective Time and ending on the Final Closing Date (except as otherwise provided under Section 4.01(b)).

“Law” means any supranational, international, national, federal, state, provincial, local or similar law (including common law), statute, code, order, ordinance, rule, regulation, treaty (including any income Tax treaty), license, permit, authorization, approval, Consent, decree, injunction, binding judicial or administrative interpretation or other requirement, in each case enacted, promulgated issued or entered by a Governmental Authority.

“Liabilities” has the meaning set forth in the Separation and Distribution Agreement.

“Local Buy-Sell Entity” means each of the Abbott Local Entities that is not a Services Affiliate.

“Local Closing” has the meaning set forth in Section 3.01.

“Local Closing Date” has the meaning set forth in Section 3.01.

“Local Currency” has the meaning set forth in Section 3.02(c).

“Local Income Tax” has the meaning set forth in Section 3.07.

“Luxembourg Demerger Plan” has the meaning set forth in the Recitals.

“Mark-Up Fee” has the meaning set forth in Section 2.06(a)(ii).

“Monthly Cash Decrease” has the meaning set forth in Schedule 2.05(b).

“Monthly Cash Increase” has the meaning set forth in Schedule 2.05(b).

“Notice” means any written notice, request demand or other communication specifically referencing this Agreement and given in accordance with Section 6.07.

“Net Proceeds” has the meaning set forth in Section 3.06(b).

“Parties” means the parties to this Agreement.

“Person” means: any (a) individual; (b) Business Entity; or (c) Governmental Authority.

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“Personal Data” means data that can be used by itself or in combination with other available data to identify a specific individual.

“Prime Rate” has the meaning set forth in the Separation and Distribution Agreement.

“Report” has the meaning set forth in Section 2.07(a)(ii).

“Representative” has the meaning set forth in Section 6.01(a).

“Separation” has the meaning set forth in the Recitals.

“Separation and Distribution Agreement” has the meaning set forth in the Recitals.

“Services Affiliate” means each of the Abbott Local Entities listed on Schedule 1.01(b).

“Stored Records” has the meaning set forth in the Separation and Distribution Agreement.

“Subsidiary” or “subsidiary” means, with respect to any Person, any Business Entity of which such Person: (a) beneficially owns, either directly or indirectly, more than fifty percent (50%) of (i) the total combined voting power of all classes of voting securities of such Business Entity; (ii) the total combined equity interests; or (iii) the capital or profit interests, in the case of a partnership; or (b) otherwise has the power to vote, either directly or indirectly, sufficient securities to elect a majority of the board of directors or similar governing body.

“Tax” means: (a) any income, net income, gross income, gross receipts, profits, capital stock, franchise, property, ad valorem, stamp, excise, severance, occupation, service, sales, use, license, lease, transfer, import, export, customs duties, value added, alternative minimum, estimated or other similar tax (including any fee, assessment, or other charge in the nature of or in lieu of any tax) imposed by any Tax Authority, and any interest, penalties, additions to tax or additional amounts with respect to the foregoing imposed on any taxpayer or consolidated, combined or unitary group of taxpayers; and (b) any Employment Tax.

“Tax Authority” means, with respect to any Tax, the Governmental Authority or political subdivision thereof that imposes such Tax, and the agency (if any) charged with the collection of such Tax for such Governmental Authority or subdivision.

“Tax Return” means any report of Tax due or similar report or document required to be filed under applicable Law with respect to any Tax for any taxpayer or consolidated, combined or unitary basis under applicable Law with the relevant Tax Authority.

“Tax Sharing Agreement” has the meaning set forth in the Separation and Distribution Agreement.

“Third Party” means any Person other than the Parties or any of their respective Subsidiaries.

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“Transferred Entities” has the meaning set forth in the Separation and Distribution Agreement.

“Transition Committee” has the meaning set forth in the Separation and Distribution Agreement.

“Unresolved Disputes” has the meaning set forth in Section 2.07(d).

“Venezuelan Local Entity” means Abbott Laboratories C.A., a private company with limited liability, organized and existing under the laws of Venezuela, with its registered office address at Calle Los Laboratorios, Edificio Centro Gerencial Los Cortijos, Urbanización Los Cortijos de Lourdes, Caracas 1070, Venezuela, and registered with the First Commercial Registry of the Judicial Circuit of the former Federal District and Miranda State with the Taxpayer Registry Number (RIF) J-00083649-3.

## ARTICLE II

### INTERNATIONAL TRANSITION PERIOD

Section 2.01. Legal Title. Legal title to all of the AbbVie Assets that are held as of the Effective Time by any Abbott Local Entity, and all of the AbbVie Liabilities of any Abbott Local Entity that are outstanding as of the Effective Time, shall remain with such Abbott Local Entity until the consummation of the applicable Local Closing pursuant to Article III, if any.

Section 2.02. Treatment of Deferred AbbVie Local Businesses.

(a) From and after the Effective Time until the consummation of the applicable Local Closing pursuant to Article III: (a) the Deferred AbbVie Local Businesses shall be held by each Abbott Local Entity on behalf of and for the benefit of AbbVie Luxembourg; (b) Abbott Luxembourg, an Abbott Local Entity or, where applicable, a designee shall pay, perform and discharge fully the Liabilities of the Deferred AbbVie Local Businesses; and (c) insofar as reasonably practicable and to the extent permitted by applicable Law, Abbott Luxembourg, an Abbott Local Entity or, where applicable, a designee shall manage and operate each Deferred AbbVie Local Business in accordance with this Agreement and take such other actions as may reasonably be requested by AbbVie Luxembourg so that all of the benefits and Liabilities attributable to the Deferred AbbVie Local Businesses, including use, risk of loss, potential for gain and dominion, and control and command over such Deferred AbbVie Local Businesses, shall inure from and after the Effective Time to AbbVie Luxembourg.

(b) If, after giving effect to the transactions contemplated by this Agreement, the Parties determine that the intent of the Parties set forth in Section 2.02(a) has not been achieved, the Parties shall use their commercially reasonable efforts to mutually agree upon alternative arrangements to implement the purposes and intent of the Parties set forth in Section 2.02(a).

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Section 2.03. Operation of Deferred AbbVie Local Businesses.

(a) In furtherance of Section 2.02(a), Abbott Luxembourg shall use, or cause the applicable Abbott Local Entity to use, commercially reasonable efforts to manage and operate each Deferred AbbVie Local Business as may reasonably be requested by AbbVie Luxembourg from time to time. Unless otherwise instructed by AbbVie Luxembourg, Abbott Luxembourg shall cause each Abbott Local Entity to operate the applicable Deferred AbbVie Local Business in a manner that is based on past practice and that is substantially similar in nature, quality and timeliness to the analogous operations conducted by the applicable Abbott Local Entity prior to the Effective Time. Abbott Luxembourg shall cause each Abbott Local Entity to perform its duties and responsibilities hereunder in good faith.

(b) Nothing in this Agreement shall require Abbott Luxembourg to cause any Abbott Local Entity to operate any Deferred AbbVie Local Business to the extent the manner of such operations would constitute a violation of applicable Laws, the Abbott Code of Business Conduct or any existing Contract with a Third Party. If Abbott Luxembourg is or becomes aware of any such restriction on an Abbott Local Entity, Abbott Luxembourg shall use commercially reasonable efforts to promptly provide Notice of any such restriction to AbbVie Luxembourg. The Parties agree to cooperate and use commercially reasonable efforts to obtain any necessary Consents required under any existing Contract with a Third Party to allow an Abbott Local Entity to operate the applicable Deferred AbbVie Local Business in accordance with the standards set forth in this Section 2.03. Any costs and expenses incurred by any Party in connection with obtaining any such Consent that is required to allow any Abbott Local

Entity to operate any Deferred AbbVie Local Business shall be borne by AbbVie Luxembourg. If the Parties, despite the use of such commercially reasonable efforts, are unable to obtain a required Consent or the operation of a Deferred AbbVie Local Business by an Abbott Local Entity would constitute a violation of applicable Laws or the Abbott Code of Business Conduct, Abbott Luxembourg shall use commercially reasonable efforts in good faith to cause the Abbott Local Entity to operate the applicable Deferred AbbVie Local Business in a manner as closely as possible to the standards described in this Section 2.03 that would apply absent the exception provided for in the first sentence of this Section 2.03(b).

(c) Except as expressly provided in this Agreement, Abbott Luxembourg shall not cause any Abbott Local Entity to operate any Deferred AbbVie Local Business for the benefit of any Third Party or any other Person other than AbbVie Luxembourg or the applicable AbbVie Local Entity.

Section 2.04. Deferred AbbVie Business Report.

(a) Not later than thirty (30) days after the Distribution Date, Abbott Luxembourg shall prepare and deliver to AbbVie Luxembourg a financial report (the "Deferred AbbVie Business Report") setting forth the AbbVie Assets and AbbVie Liabilities of each Deferred AbbVie Local Business held by each Abbott Local Entity as of the Effective Time. The Deferred AbbVie Business Report shall be prepared on a country-by-country basis in the applicable Local Currency in accordance with GAAP applied on a basis consistent with the AbbVie Pro Forma Balance Sheet and with the same level of detail as used by Abbott in the

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preparation of Abbott's monthly financial reporting package and the standard financial reports used by Abbott on the Distribution Date.

(b) If AbbVie Luxembourg disagrees with any amount set forth in the Deferred AbbVie Business Report, AbbVie Luxembourg shall give Notice to Abbott Luxembourg within thirty (30) days of receipt of the Deferred AbbVie Business Report stating the specific reasons for its disagreement. If Abbott Luxembourg and AbbVie Luxembourg are unable to resolve any disagreement, the disagreement shall be resolved pursuant to the procedures set forth in Section 2.07(d) and Section 2.07(e).

Section 2.05. Aggregate Net Amount.

(a) Subject to Section 2.07 and Section 2.08, if on a monthly basis during the International Operations Transition Period, in connection with the operation of the Deferred AbbVie Local Businesses during such period:

(i) the Aggregate Net Amount is a positive number, Abbott Luxembourg (on behalf of all Abbott Local Entities) shall remit to AbbVie Luxembourg the Aggregate Net Amount derived from the operation of the Deferred AbbVie Local Business by all of the Abbott Local Entities; or

(ii) the Aggregate Net Amount is a negative number, AbbVie Luxembourg shall remit to Abbott Luxembourg the Aggregate Net Amount advanced for the operation of the Deferred AbbVie Local Business by all of the Abbott Local Entities.

(b) The Aggregate Net Amount shall be calculated in accordance with the principles set forth on Schedule 2.05(b).

Section 2.06. Services Affiliates.

(a) Not later than the fifteenth (15th) day of each calendar month during the International Operations Transition Period, and, in the calendar month immediately following the last calendar month of the International Operations Transition Period if the results of all operations of the Deferred AbbVie Local Business prior to the expiration of the International Operations Transition Period have not been included in the Aggregate Net Amount for a prior calendar month, each Services Affiliate for whom a Local Closing has not occurred, or for whom a Local Closing has occurred but for whom the results of all operations of the Deferred AbbVie Local Business prior to such Local Closing have not been included in the Aggregate Net Amount for a prior calendar month, shall prepare and deliver to AbbVie Logistics, or the applicable Affiliate of AbbVie Luxembourg, an invoice setting forth the following:

(i) the total costs and expenses incurred by such Services Affiliate to operate the Deferred AbbVie Local Business for the prior calendar month (the "AbbVie Business Expenses");

and  
(ii) the amount of the mark-up of the costs and expenses in (i) (each a "Mark-Up Fee").

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(b) AbbVie Logistics, or the applicable Affiliate of AbbVie Luxembourg, shall, pursuant to the terms of the applicable promotional and other services agreement entered into between AbbVie Logistics or the applicable Affiliate of AbbVie Luxembourg and each Services Affiliate, pay to the applicable Services Affiliate the amount invoiced pursuant to Section 2.06(a) within forty-five (45) days from the date of the invoice by wire transfer (or such other timing or method of payment as may be agreed pursuant to the terms of the applicable promotional and other services agreement between AbbVie Logistics or the applicable Affiliate of AbbVie Luxembourg and the applicable Services Affiliate).

Section 2.07. Reporting; Disputes; Aggregate Net Amount Payment Mechanics.

(a) Not later than the eleventh (11th) Business Day of each calendar month during the International Operations Transition Period, and, in the calendar month immediately following the last calendar month of the International Operations Transition Period if the results of all operations of each Deferred AbbVie Local Business prior to the expiration of the International Operations Transition Period have not been included in the Aggregate Net Amount for a prior calendar month, Abbott Luxembourg shall prepare and deliver to AbbVie Luxembourg in writing, for each Abbott Local Entity for whom a Local Closing has not occurred, or for whom a Local Closing has occurred but for whom the results of all operations of the Deferred AbbVie Local Business prior to such Local Closing have not been included in the Aggregate Net Amount for a prior calendar month, in each case attributable to the Deferred AbbVie Local Business operated by the applicable Abbott Local Entity for the prior calendar month, each of the following:

(i) a profit and loss statement, a balance sheet, and a cash flow statement (prepared using the indirect method); and

(ii) a report (each, a "Report") setting forth:

(1) the Aggregate Net Amount;

(2) the Monthly Cash Increase or the Monthly Cash Decrease, as applicable, for each Local Buy-Sell Entity;

(3) the Aggregate Monthly Cash Increase and the Aggregate Monthly Cash Decrease;

(4) the Mark-Up Fee, the AbbVie Business Expenses and the Abbott Mark-Up Amount for each Services Affiliate; and

(5) the Aggregate Mark-Up Fee and the Aggregate AbbVie Business Expenses.

Each profit and loss statement, balance sheet, cash flow statement and Report shall be prepared in accordance with the principles set forth on Schedule 2.05(b) and, to the extent not inconsistent with such principles, in accordance with GAAP applied on a basis consistent with the AbbVie Pro Forma Balance Sheet, Abbott's historical accounting policies, procedures and conventions, and with the same level of detail as used by Abbott in the

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preparation of Abbott's monthly financial reporting package and the standard financial reports used by Abbott on the Distribution Date. Each profit and loss statement, balance sheet and cash flow statement shall include amounts specifically identifiable to the Deferred AbbVie Local Business segregated in unique AbbVie accounts within the Abbott Local Entity's financial systems.

(b) Within seven (7) days after the delivery of each Report, AbbVie Luxembourg shall deliver to Abbott Luxembourg a Notice in which AbbVie Luxembourg shall either:

(i) agree in writing with the Aggregate Net Amount, in which case such calculation shall, subject to Section 2.07(d) and Section 2.07(e) (as each relates to an Adjustment Dispute Notice), Section 2.07(f) and Section 2.07(g), be final and binding on the Parties; or

(ii) dispute the Aggregate Net Amount (or a component thereof) by delivering to Abbott Luxembourg a Notice (a "Dispute Notice") setting forth in reasonable detail the basis for such dispute and certifying that such disputed Aggregate Net Amount (or a component thereof) is being disputed in good faith.

For purposes of this Section 2.07(b), AbbVie Luxembourg may only deliver a Dispute Notice on the basis that Abbott Luxembourg's calculation of the Aggregate Net Amount (or a component thereof): (1) was not in accordance with the principles set forth on Schedule 2.05(b); (2) was not in accordance with, to the extent not inconsistent with the principles set forth on Schedule 2.05(b), GAAP applied on a basis consistent with the AbbVie Pro Forma Balance Sheet; or (3) contains mathematical errors in its calculation.

(c) If AbbVie Luxembourg fails to take either of the foregoing actions within ten (10) days after delivery of the Report, then AbbVie Luxembourg shall be deemed to have irrevocably accepted the Aggregate Net Amount, in which case, the Aggregate Net Amount shall, subject to Section 2.07(d) and Section 2.07(e) (as each relates to an Adjustment Dispute Notice), Section 2.07(f) and Section 2.07(g), be final and binding on the Parties.

(d) If AbbVie Luxembourg timely delivers a Dispute Notice to Abbott Luxembourg, either Party timely delivers an Adjustment Dispute Notice to the other Party pursuant to Section 2.07(f), or there is otherwise a dispute between the Parties with respect to the matters set forth in Section 2.04(b) or Section 3.04(b), then Abbott Luxembourg and AbbVie Luxembourg shall attempt in good faith, for a period of thirty (30) days, to resolve the dispute between the Parties. Any resolution by Abbott Luxembourg and AbbVie Luxembourg during such thirty (30) day period as to any items in dispute shall be final and binding on the Parties. If Abbott Luxembourg and AbbVie Luxembourg do not resolve all such items in dispute by the end of such thirty (30) day period, then Abbott Luxembourg and AbbVie Luxembourg shall engage a mutually agreeable independent accounting firm of recognized national standing, which firm is not the regular auditing firm of either Abbott or AbbVie, and shall submit to such independent accounting firm the remaining items in dispute (the "Unresolved Disputes") for resolution. If Abbott Luxembourg and AbbVie Luxembourg are unable to jointly select such independent accounting firm within fifteen (15) days after such thirty (30) day period, Abbott Luxembourg,

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on the one hand, and AbbVie Luxembourg, on the other hand, shall each select an independent accounting firm of recognized national standing in the United States of America and each such selected accounting firm shall select a third independent accounting firm of recognized national standing, which firm is not the regular auditing firm of either Abbott or AbbVie; provided, however, that if either Abbott Luxembourg, on the one hand, or AbbVie Luxembourg, on the other hand, fail to select such independent accounting firm during such fifteen (15) day period, then the Parties agree that the independent accounting firm selected by the other Party shall be the independent accounting firm selected by the Parties for purposes of this Section 2.07 (such selected independent accounting firm, whether pursuant to this sentence or the preceding sentence, the "Independent Accounting Firm"). The Independent Accounting Firm shall act as an accounting expert, but not as an arbitrator, to determine based solely on the provisions of this Section 2.07 (or Section 2.04(b) or Section 3.04(b), as applicable) and the presentations by Abbott Luxembourg and AbbVie Luxembourg, and not by independent review, only the Unresolved Disputes and only as to whether such amounts were arrived at in conformity with Section 2.07 and Schedule 2.05(b) (or Section 2.04(b) or Section 3.04(b), as applicable). Abbott Luxembourg and AbbVie Luxembourg shall instruct the Independent Accounting Firm to render its determination with respect to the Unresolved Disputes in a written report that specifies the conclusions of the Independent Accounting Firm as to each Unresolved Dispute. Abbott Luxembourg and AbbVie Luxembourg shall each use their commercially reasonable efforts to cause the Independent Accounting Firm to render its determination within ten (10) days after referral of the Unresolved Disputes to such firm or as soon thereafter as reasonably practicable. The Independent Accounting Firm's determination as set forth in its report shall be final and binding on the Parties. The fees and expenses of the Independent Accounting Firm shall be shared by Abbott Luxembourg and AbbVie Luxembourg in inverse proportion to the relative amounts of the amount in dispute determined to be for the account of Abbott Luxembourg and AbbVie Luxembourg, respectively.

(e) For purposes of complying with this Section 2.07, Abbott Luxembourg and AbbVie Luxembourg shall furnish to each other and to the Independent Accounting Firm such work papers and other documents and information relating to the Unresolved Dispute as the Independent Accounting Firm may request and are available to that Party (or its independent public accountants) and shall be afforded the opportunity to present to the Independent Accounting Firm any material related to the Unresolved Dispute and to discuss any items relating to the Unresolved Dispute with the Independent Accounting Firm. The Parties shall require that the Independent Accounting Firm enter into a reasonable engagement letter and customary confidentiality agreement with respect to the work papers and other documents and information provided to the Independent Accounting Firm pursuant to this Section 2.07.

(f) (i) Within sixty (60) days after the expiration of the ten (10) day period set forth in Section 2.07(b), either Party may deliver to the other Party a Notice (an "Adjustment Notice") in which such Party disputes the Aggregate Net Amount (or a component thereof) previously determined and agreed upon pursuant to Section 2.07(b) or Section 2.07(c), which such Adjustment Notice shall set forth in reasonable detail the basis for such dispute and certifying that such dispute and the resulting proposed adjustment to the Aggregate Net Amount is being disputed in good faith. Any dispute included in a Dispute Notice delivered by AbbVie Luxembourg to Abbott Luxembourg pursuant to Section 2.07(b) that is either (i) resolved between the Parties pursuant to Section 2.07(d) or (ii) determined by the Independent

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Accounting Firm pursuant to Section 2.07(d) as an Unresolved Dispute may not, in either case, be included as an item in any Adjustment Notice.

(ii) Within twenty (20) days after the delivery of any Adjustment Notice, the Party receiving the Adjustment Notice shall either:

(1) agree in writing with the proposed adjustment to the Aggregate Net Amount, in which case such adjustment shall be final and binding on the Parties; or

(2) dispute the proposed adjustment to the Aggregate Net Amount (or a component thereof) by delivering to the Party who issued the Adjustment Notice a Notice (an "Adjustment Dispute Notice") setting forth in reasonable detail the basis for such dispute and certifying that such dispute with respect to the proposed adjustment to the Aggregate Net Amount (or a component thereof) is being disputed in good faith.

For purposes of this Section 2.07(f), a Party may only deliver an Adjustment Notice or an Adjustment Dispute Notice on the basis that the calculation of the Aggregate Net Amount (or a component thereof) previously determined and agreed upon pursuant to Section 2.07(b) or Section 2.07(c), or the proposed adjustment thereto, as applicable: (x) was not in accordance with the principles set forth on Schedule 2.05(b); (y) was not in accordance with, to the extent not inconsistent with the principles set forth on Schedule 2.05(b), GAAP applied on a basis consistent with the AbbVie Pro Forma Balance Sheet; or (z) contains mathematical errors in its calculation.

(g) If the Party receiving an Adjustment Notice fails to take either of the foregoing actions within twenty (20) days after delivery of such Adjustment Notice, then such Party shall be deemed to have irrevocably accepted the proposed adjustment to the Aggregate Net Amount, in which case, such adjustment to the Aggregate Net Amount shall be final and binding on the Parties.

(h) (i) Not later than three (3) days following determination of the Aggregate Net Amount (other than with respect to the portion of the Aggregate Net Amount subject to an Unresolved Dispute): (A) if the Aggregate Net Amount (other than with respect to the portion of the Aggregate Net Amount subject to an Unresolved Dispute) is a positive number, AbbVie Luxembourg shall deliver a settlement statement to Abbott Luxembourg stating the Aggregate Net Amount (excluding the portion of the Aggregate Net Amount subject to an Unresolved Dispute); and (B) if the Aggregate Net Amount (other than with respect to the portion of the Aggregate Net Amount subject to an Unresolved Dispute) is a negative number, Abbott Luxembourg shall deliver a settlement statement to AbbVie Luxembourg stating the Aggregate Net Amount (excluding the portion of the Aggregate Net Amount subject to an Unresolved Dispute).

(ii) Not later than three (3) days following the Independent Accounting Firm's determination of any Unresolved Dispute: (1) if the determination of the Independent Accounting Firm results in an increase to the Aggregate Net Amount that was subject to such Unresolved Dispute, AbbVie Luxembourg shall deliver a settlement statement to Abbott Luxembourg stating the amount of such increase, and (2) if the determination of the Independent

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Accounting Firm results in a decrease to the Aggregate Net Amount that was subject to such Unresolved Dispute, Abbott Luxembourg shall deliver a settlement statement to AbbVie Luxembourg stating the amount of such decrease.

(iii) Not later than three (3) days following determination of any adjustment to the Aggregate Net Amount previously determined and agreed upon pursuant to Section 2.07(b) or Section 2.07(c): (A) if the adjustment to the Aggregate Net Amount results in an Aggregate Net Amount that is greater than the Aggregate Net Amount previously determined and agreed upon pursuant to Section 2.07(b) or Section 2.07(c), AbbVie Luxembourg shall deliver a settlement statement to Abbott Luxembourg stating the amount of the adjustment; and (B) if the adjustment to the Aggregate Net Amount results in an Aggregate Net Amount that is less than the Aggregate Net Amount previously determined and agreed upon pursuant to Section 2.07(b) or Section 2.07(c), Abbott Luxembourg shall deliver a settlement statement to AbbVie Luxembourg stating the amount of the adjustment.

(iv) Abbott Luxembourg or AbbVie Luxembourg, as applicable, shall pay the amount stated on all settlement statements by wire transfer (or such other method of payment as may be agreed between the Parties) in US Dollars no later than the earlier of (1) five (5) days from the date of the applicable settlement statement, or (2) the last day of the calendar month in which the applicable settlement statement was delivered that banks in Luxembourg are open for business.

The Parties shall use their commercially reasonable efforts, and shall co-operate in good faith, to ensure that the Aggregate Net Amount is paid by Abbott Luxembourg or AbbVie Luxembourg, as applicable, within the same calendar month as the Report setting forth such Aggregate Net Amount is prepared and delivered by Abbott Luxembourg to AbbVie Luxembourg pursuant to Section 2.07(a)(ii).

Section 2.08. Late Payments. Any amount not paid when due pursuant to this Agreement (and any amounts billed or otherwise invoiced or demanded and properly payable that are not paid within sixty (60) days of the date of such bill, invoice or other demand) shall accrue interest at a rate per annum equal to the Prime Rate plus two percent (2%), or the maximum legal rate, whichever is lower.



Section 2.09. Accounting Calendar. AbbVie Luxembourg acknowledges that it has received a copy of Abbott's internal accounting calendar for 2013 from Abbott Luxembourg. Prior to the commencement of each subsequent Abbott internal accounting calendar year during the International Operations Transition Period, Abbott Luxembourg shall make available to AbbVie Luxembourg a copy of Abbott's internal accounting calendar for such Abbott internal accounting calendar year.

Section 2.10. Disclaimer of Representations and Warranties.

(a) EACH OF ABBOTT LUXEMBOURG (ON BEHALF OF ITSELF AND EACH OF ITS SUBSIDIARIES) AND ABBVIE LUXEMBOURG (ON BEHALF OF ITSELF AND EACH OF ITS SUBSIDIARIES) UNDERSTANDS AND AGREES THAT, EXCEPT AS EXPRESSLY SET FORTH HEREIN, NO PARTY TO THIS AGREEMENT OR OTHERWISE,

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IS: (X) REPRESENTING OR WARRANTING TO ANY OTHER PARTY HERETO IN ANY WAY AS TO (I) THE ASSETS, BUSINESSES OR LIABILITIES TRANSFERRED OR ASSUMED AS CONTEMPLATED HEREBY; (II) ANY APPROVALS OR NOTIFICATIONS REQUIRED IN CONNECTION HEREWITH; (III) THE VALUE OR FREEDOM FROM ANY SECURITY INTERESTS OF, OR ANY OTHER MATTER CONCERNING, ANY ASSETS OF SUCH PARTY; (IV) THE ABSENCE OF ANY DEFENSES TO OR RIGHT OF SETOFF AGAINST OR FREEDOM FROM COUNTERCLAIM WITH RESPECT TO ANY PROCEEDING OR OTHER ASSET, INCLUDING ANY ACCOUNTS RECEIVABLE, OF EITHER PARTY; OR (V) THE LEGAL SUFFICIENCY OF ANY CONVEYANCE AND ASSUMPTION INSTRUMENTS TO CONVEY TITLE TO ANY ASSET OR THING OF VALUE UPON THE EXECUTION, DELIVERY AND FILING OF SUCH CONVEYANCE AND ASSUMPTION INSTRUMENTS; OR (Y) IS MAKING ANY OTHER REPRESENTATIONS OR GRANTING ANY WARRANTIES, EXPRESS OR IMPLIED, EITHER IN FACT OR BY OPERATION OF LAW, BY STATUTE OR OTHERWISE. EXCEPT AS MAY EXPRESSLY BE SET FORTH IN THIS AGREEMENT, ALL SUCH ASSETS ARE BEING TRANSFERRED ON AN "AS IS," "WHERE IS" BASIS (AND, IN THE CASE OF ANY REAL PROPERTY, BY MEANS OF A QUITCLAIM OR SIMILAR FORM DEED OR CONVEYANCE) AND THE RESPECTIVE TRANSFEREES SHALL BEAR THE ECONOMIC AND LEGAL RISKS THAT (A) ANY CONVEYANCE AND ASSUMPTION INSTRUMENT MAY PROVE TO BE INSUFFICIENT TO VEST IN THE TRANSFEREE GOOD AND MARKETABLE TITLE, FREE AND CLEAR OF ALL SECURITY INTERESTS; AND (B) ANY NECESSARY CONSENTS ARE NOT OBTAINED OR THAT ANY REQUIREMENTS OF LAWS, AGREEMENTS, SECURITY INTERESTS OR JUDGMENTS ARE NOT COMPLIED WITH.

(b) (i) EXCEPT AS EXPRESSLY PROVIDED IN THIS AGREEMENT, EACH PARTY ACKNOWLEDGES AND AGREES THAT ALL SERVICES AND PRODUCTS ARE PROVIDED ON AN "AS-IS" BASIS, THAT EACH PARTY ASSUMES ALL RISK AND LIABILITY ARISING FROM OR RELATING TO ITS USE OF AND RELIANCE UPON THE SERVICES, AND THAT EACH PARTY MAKES NO WARRANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO THE SERVICES AND PRODUCTS, AND HEREBY DISCLAIMS ANY REPRESENTATION OR WARRANTY OF MERCHANTABILITY, FITNESS FOR ANY PARTICULAR PURPOSE, NON-INFRINGEMENT OR ANY OTHER WARRANTY WHATSOEVER; and (ii) notwithstanding anything to the contrary herein, Abbott Luxembourg and the Abbott Local Entities shall have no obligation to AbbVie Luxembourg or the AbbVie Local Entities for any Liabilities relating to, arising out of, or resulting from the performance of their respective obligations pursuant to this Agreement except to the extent that such Liabilities relate to, arise out of, or result from (1) gross negligence, willful misconduct or fraud of Abbott Luxembourg or an Abbott Local Entity or (2) any payment obligation of Abbott Luxembourg or any Abbott Local Entity pursuant to this Agreement.

(c) Each of Abbott Luxembourg (on behalf of itself and each of the Abbott Local Entities) and AbbVie Luxembourg (on behalf of itself and each of the AbbVie Local Entities) further understands and agrees that if the disclaimer of express or implied representations and warranties contained in this Section 2.10 is held unenforceable or is unavailable for any reason under the Laws of any jurisdiction outside the United States or if,

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under the Laws of a jurisdiction outside the United States, both Abbott Luxembourg or any of the Local Abbott Entities, on the one hand, and AbbVie Luxembourg or any of the Local AbbVie Entities, on the other hand, are jointly or severally liable for any Liability of the Deferred AbbVie Local Business or any other Liability of the Abbott Local Entity, respectively, then, the Parties intend that, notwithstanding any provision to the contrary under the Laws of such foreign jurisdictions, the provisions of this Agreement (including the disclaimer of all representations and warranties, allocation of Liabilities among the Parties and their respective Subsidiaries, releases, indemnification and contribution of Liabilities) shall prevail for any and all purposes among the Parties and, the Abbott Local Entities and the AbbVie Local Entities, as applicable.

ARTICLE III

TRANSFER OF DEFERRED ABBVIE LOCAL BUSINESSES

Section 3.01. General. With respect to the Deferred AbbVie Local Business of each Abbott Local Entity, on or before the end of the International Operations Transition Period: (a) AbbVie Luxembourg or an AbbVie Local Entity shall obtain legal title to the Assets and the Liabilities of such Deferred AbbVie Local Business from such Abbott Local Entity; (b) AbbVie Luxembourg shall elect that such Assets and Liabilities of such Deferred AbbVie Local Business be transferred to a distributor; or (c) at the request of AbbVie Luxembourg before the date that is ninety (90) days prior to the end of the International Operations Transition Period, or in accordance with Section 3.05(b) and Section 3.05(c), the applicable Abbott Local Entity shall sell to a Third Party or wind-down the Assets and the Liabilities of such Deferred AbbVie Local Business (each of (a), (b) and (c), a "Local Closing"). AbbVie Luxembourg shall be entitled to initiate a Local Closing by providing Abbott Luxembourg at least ninety (90) days prior Notice of the anticipated date of consummation of such Local Closing; provided, however, that, except with respect to a Local Closing pursuant to Section 3.05, the actual closing date for any Local Closing shall be mutually agreed upon in advance between Abbott and AbbVie (the "Local Closing Date").

Section 3.02. Transfer to AbbVie Local Entity.

(a) If AbbVie Luxembourg initiates a Local Closing and elects to exercise its right to obtain legal title to the Assets and the Liabilities of the Deferred AbbVie Local Business from an Abbott Local Entity, such right shall be transferred by AbbVie Luxembourg to a duly formed AbbVie Local Entity. At such Local Closing, the Abbott Local Entity holding legal title to the Assets and Liabilities of the applicable Deferred AbbVie Local Business shall sell, transfer, convey and deliver to the applicable AbbVie Local Entity, and the applicable AbbVie Local Entity shall purchase and accept delivery of, all such Assets and the applicable AbbVie Local Entity shall accept, assume and agree faithfully to perform, discharge and fulfill all such Liabilities in exchange for a purchase price equal to the fair market value of such Deferred Local AbbVie Business as of the Local Closing Date. The Conveyance and Assumption Instruments for a Local Closing shall be substantially in the same form as those used by the Parties or their respective Subsidiaries, as applicable, in connection with the contribution, assignment, transfer, conveyance and delivery of the Assets and the transfer of the Liabilities of the AbbVie Business prior to the Distribution Date. Unless otherwise agreed by Abbott and AbbVie following the Effective Time, the Local Closing with respect to each of the Brazilian Local Entity and the

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Venezuelan Local Entity shall be consummated in accordance with the plans attached hereto as Exhibit A and Exhibit B, respectively.

(b) Subject to Section 3.04, no later than fifteen (15) days (or such lesser number of days as mutually agreed in writing by the Parties) prior to the Local Closing Date pursuant to Section 3.02(a), Abbott Luxembourg shall deliver to AbbVie Luxembourg and the applicable AbbVie Local Entity a report prepared by an internationally recognized public accounting firm setting forth the fair market value for the applicable Deferred AbbVie Local Business in accordance with the valuation methodologies applied by such an internationally recognized public accounting firm in connection with the contribution, assignment, transfer, conveyance and delivery of the Assets and the transfer of the Liabilities for the applicable AbbVie Business prior to the Distribution Date.

(c) If applicable Law permits an Affiliate of the applicable AbbVie Local Entity to pay the purchase price (whether to an Affiliate of the applicable Abbott Local Entity or the applicable Abbott Local Entity), then AbbVie Luxembourg may elect to pay the purchase price plus any applicable Conveyance Taxes on behalf of the applicable AbbVie Local Entity to the applicable Abbott Local Entity or Abbott Luxembourg, as elected by Abbott Luxembourg pursuant to the following sentence. If applicable Law permits an Affiliate of the applicable Abbott Local Entity to receive the purchase price on behalf of the applicable Abbott Local Entity, then Abbott Luxembourg may elect to receive the purchase price plus any applicable Conveyance Taxes on behalf of the applicable Abbott Local Entity. The purchase price plus any applicable Conveyance Taxes shall be paid by or on behalf of the AbbVie Local Entity to the Abbott Local Entity or Abbott Luxembourg on the applicable Local Closing Date in accordance with payment instructions to be provided in writing by Abbott Luxembourg. If paid by the applicable AbbVie Local Entity, the purchase price plus any applicable Conveyance Taxes shall be paid at the election of Abbott Luxembourg in US Dollars or the local currency of the jurisdiction in which the applicable Abbott Local Entity selling the Assets and the Liabilities of the Deferred AbbVie Local Business has its principal place of business ("Local Currency") by converting the applicable US Dollar amount to Local Currency using the Exchange Rate published two (2) days prior to the applicable Local Closing Date. If paid by AbbVie Luxembourg, the purchase price plus any applicable Conveyance Taxes shall be paid in US Dollars. For purposes of this Section 3.02(c), the amount of applicable Conveyance Taxes to be paid by AbbVie Luxembourg or the AbbVie Local Entity to Abbott Luxembourg or the Abbott Local Entity, as the case may be, shall be limited to those Conveyance Taxes for which AbbVie or its Subsidiaries is responsible under the Tax Sharing Agreement.

Section 3.03. Transfer to Distributor.

(a) If AbbVie Luxembourg initiates a Local Closing and elects to exercise its right to appoint a distributor to operate the Deferred Local AbbVie Business such right may be transferred by AbbVie Luxembourg to an Affiliate of AbbVie Luxembourg. At such Local Closing, the Abbott Local Entity holding legal title to the Assets and Liabilities of the applicable Deferred AbbVie Local Business shall sell, transfer, convey and deliver to the applicable distributor, and the applicable distributor shall purchase and accept delivery of, all such Assets and the applicable distributor shall accept, assume and agree faithfully to perform, discharge and fulfill all such Liabilities in exchange for a purchase price equal to the fair market value of such

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Deferred Local AbbVie Business as of the Local Closing Date, or, to the extent that not all of the Assets and Liabilities of the Deferred Local AbbVie Business are to be acquired by the distributor, the fair market value of the applicable Assets and Liabilities as of the Local Closing Date. If any distributor requires that the applicable Abbott Local Entity indemnify such distributor in connection with the purchase of the applicable Assets and the assumption of the applicable Liabilities of the Deferred Local AbbVie Business, then AbbVie Luxembourg shall indemnify the applicable Abbott Local Entity for any actions or claims brought against such Abbott Local Entity by the distributor pursuant to such indemnification, provided, however, that the applicable Abbott Local Entity shall (i) not provide any indemnification to any distributor without the prior written consent of AbbVie Luxembourg; and (ii) shall use commercially reasonable efforts limit the scope of any such indemnification.

(b) Subject to Section 3.04, no later than fifteen (15) days (or such lesser number of days as mutually agreed in writing by the Parties) prior to the Local Closing Date, Abbott Luxembourg shall deliver to AbbVie Luxembourg and the applicable distributor a report prepared by an internationally recognized public accounting firm setting forth the fair market value for the applicable Deferred AbbVie Local Business as of the Local Closing Date, or, to the extent that not all of the Assets and Liabilities of the Deferred Local AbbVie Business are to be acquired by the distributor, the fair market value of the applicable Assets and Liabilities as of the Local Closing Date.

(c) The purchase price plus any applicable Conveyance Taxes shall be paid by or on behalf of the distributor to the Abbott Local Entity on the applicable Local Closing Date in accordance with payment instructions to be provided in writing by the applicable Abbott Local Entity. The purchase price plus any applicable Conveyance Taxes shall be paid by or on behalf of the distributor in US Dollars or in Local Currency converted from the US Dollar amount using the Exchange Rate published two (2) days prior to the applicable Local Closing Date.

(d) If AbbVie Luxembourg initiates a Local Closing and reaches a mutual agreement with an Abbott Local Entity that such Abbott Local Entity shall be appointed as the distributor to operate the applicable Deferred Local AbbVie Business pursuant to a separate customary distribution agreement and for a period extending beyond the International Operations Transition Period, then Abbott Luxembourg shall acquire such right from AbbVie Luxembourg in exchange for a purchase price equal to the fair market value of such Deferred Local AbbVie Business as of the Local Closing Date, or, to the extent that not all of the Assets and Liabilities of the Deferred Local AbbVie Business are to be acquired by the Abbott Local Entity distributor, the fair market value of the applicable Assets and Liabilities as of the Local Closing Date. At such Local Closing, the Abbott Local Entity holding legal title to the Assets and Liabilities of the applicable Deferred AbbVie Local Business shall be appointed as the distributor to operate the applicable Deferred Local AbbVie Business pursuant to an agreement other than this Agreement, the Local Abbott Entity shall retain title to such Assets and the Local Abbott Entity shall faithfully perform, discharge and fulfill all such Liabilities in exchange for its appointment as distributor of such Deferred Local AbbVie Business. The purchase price shall be paid by Abbott Luxembourg to AbbVie Luxembourg on the applicable Local Closing Date in accordance with payment instructions to be provided in writing by AbbVie Luxembourg. The purchase price shall be paid by Abbott Luxembourg in US Dollars converted from the Local Currency using the Exchange Rate published two (2) days prior to the applicable Local Closing Date.

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(e) If the distributor is either a Third Party or an Abbott Subsidiary and such distributor fails to reach an agreement with AbbVie Luxembourg to acquire all Assets, and assume all Liabilities, of a Deferred Local AbbVie Business, Abbott Luxembourg shall proceed to take such actions in accordance with Section 3.05 as are reasonably necessary to (i) sell to a Third Party the remaining Assets and Liabilities of the Deferred Local AbbVie Business, or (ii) wind-down and liquidate all of the remaining Assets and pay all of the remaining Liabilities of such Deferred AbbVie Local Business which are not acquired or assumed (as applicable) by the distributor.

Section 3.04. Deferred AbbVie Balance Sheet. In the event of a Local Closing under Section 3.02 or Section 3.03:

(a) not later than sixty (60) days (or such lesser number of days as mutually agreed in writing by the Parties) prior to the Local Closing Date, Abbott Luxembourg shall prepare and deliver to AbbVie Luxembourg a pro forma balance sheet (the "Deferred AbbVie Balance Sheet") setting forth the Assets and Liabilities of the Deferred AbbVie Local Business held by applicable Abbott Local Entity as at the last day of Abbott's most recent financial quarter. The Deferred AbbVie Balance Sheet shall be prepared in accordance with generally accepted accounting principles of the jurisdiction in which the applicable Abbott Local Entity selling the Assets and the Liabilities of the Deferred AbbVie Local Business has its principal place of business, applied on a basis consistent with the AbbVie Pro Forma Balance Sheet and with the same level of detail as used by Abbott in the preparation of Abbott's monthly financial reporting package and the standard financial reports used by Abbott on the Distribution Date; and

(b) if AbbVie Luxembourg disagrees with any amount set forth in the Deferred AbbVie Balance Sheet, AbbVie Luxembourg shall provide Notice to Abbott Luxembourg within ten (10) days of receipt of such Deferred AbbVie Balance Sheet stating the specific reasons for its disagreement. If Abbott Luxembourg and AbbVie Luxembourg are unable to resolve any disagreement, the disagreement shall be resolved pursuant to the procedures set forth in Section 2.07(d) and Section 2.07(e).

Section 3.05. Sale or Wind-Down.

(a) If, before the date that is ninety (90) days prior to the end of the International Operations Transition Period, AbbVie Luxembourg initiates a Local Closing and requests that Abbott Luxembourg or the applicable Abbott Local Entity sell to a Third Party one or more of the Assets and Liabilities of a Deferred AbbVie Local Business or wind-down a Deferred AbbVie Local Business, then the following shall apply:

(i) Abbott Luxembourg or the applicable Abbott Local Entity shall proceed to make such commercially reasonable efforts in order to sell to a Third Party one or more of the Assets and Liabilities of the applicable Deferred AbbVie Local Business or wind-down the applicable Deferred AbbVie Local Business and liquidate all of the remaining Assets and pay all of the remaining AbbVie Liabilities of such applicable Deferred AbbVie Local Business; and

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(ii) AbbVie Luxembourg shall make such commercially reasonable efforts, and shall co-operate in good faith, to assist Abbott Luxembourg or the applicable Abbott Local Entity with such sale or wind-down for the applicable Deferred AbbVie Local Business.

(b) If a Local Closing has not taken place pursuant to Section 3.02, Section 3.03 or Section 3.05(a) for any Abbott Local Entity on or before the date that is ninety (90) days prior to the end of the International Operations Transition Period, Abbott Luxembourg shall deliver to AbbVie Luxembourg a Notice setting forth (i) the name of the Abbott Local Entity or Abbott Local Entities holding any remaining Deferred AbbVie Local Business; (ii) the estimated fair market value of each such remaining Deferred AbbVie Local Business; and (iii) the nature of all Assets and Liabilities of each such remaining Deferred AbbVie Local Business.

(c) If AbbVie Luxembourg has not delivered Abbott Luxembourg a Notice within ten (10) days of receiving the Notice from Abbott Luxembourg pursuant to Section 3.05(b) that it desires to acquire the Assets and the Liabilities of each such remaining Deferred AbbVie Local Business, then the following shall apply:

(i) Abbott Luxembourg or the applicable Abbott Local Entity shall proceed to make such commercially reasonable efforts in order to sell to a Third Party one or more of the Assets and Liabilities of each applicable Deferred AbbVie Local Business or wind-down each Deferred AbbVie Local Business and liquidate all of the remaining Assets and pay all of the remaining AbbVie Liabilities of each such Deferred AbbVie Local Business;

(ii) AbbVie Luxembourg shall make such commercially reasonable efforts, and shall co-operate in good faith, to assist Abbott Luxembourg or the applicable Abbott Local Entity with such sale or wind-down for each applicable Deferred AbbVie Local Business; and

(iii) following the expiration of the International Operations Transition Period, except as set forth in Section 3.05(c)(i), Abbott Luxembourg and the Abbott Local Entities shall not have any responsibility, Liability or obligation to AbbVie Luxembourg with respect to all of the Assets and all of the Liabilities of each remaining Deferred AbbVie Local Business.

Section 3.06. Proceeds from Local Closing.

(a) Within five (5) days of the receipt of the funds by Abbott Luxembourg or an Abbott Local Entity pursuant to Section 3.02(c), Section 3.03(c) or Section 3.05 in connection with a Local Closing, Abbott Luxembourg shall remit to AbbVie Luxembourg an amount equal to the Net Proceeds in accordance with payment instructions to be provided in writing by AbbVie Luxembourg. The Net Proceeds shall be paid in US Dollars converted from Local Currency using the Exchange Rate published two (2) days prior to the applicable Local Closing Date.

(b) "Net Proceeds" shall mean the funds received by Abbott Luxembourg or the applicable Abbott Local Entity pursuant to Section 3.02(c), Section 3.03(c) or Section 3.05 less (i) all remaining AbbVie Liabilities held by the applicable Abbott Local Entity and the costs incurred by the applicable Abbott Local Entity in connection with the sale or wind-down

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activities, (ii) the aggregate amount of Conveyance Taxes received, if any, that are the responsibility of AbbVie or its Subsidiaries under the Tax Sharing Agreement, and (iii) the amount of any applicable Conveyance Taxes to be paid by a distributor to Abbott Luxembourg or the applicable Abbott Local Entity in the case of a Local Closing described in Section 3.03(a), but only to the extent that such Conveyance Taxes would have been the responsibility of AbbVie or its Subsidiaries under the Tax Sharing Agreement had an AbbVie Local Entity and not the distributor acquired the Assets and Liabilities of the Deferred AbbVie Local Business.

(c) Within five (5) days of consummation of a Local Closing pursuant to [Section 3.02\(c\)](#), [Section 3.03\(c\)](#) or [Section 3.05](#), if the Net Proceeds is a negative number, AbbVie Luxembourg shall pay to Abbott Luxembourg an amount in full settlement of the negative Net Proceeds in accordance with payment instructions to be provided in writing by Abbott Luxembourg. The Net Proceeds shall be paid in US Dollars converted from Local Currency using the Exchange Rate published two (2) days prior to the applicable Local Closing Date.

Section 3.07. **Local Income Taxes.** Any income Taxes (the "**Local Income Tax**") incurred by the Abbott Local Entity attributable to, resulting from, or arising out of, any gain attributable to the transfer of the Deferred AbbVie Local Business at the Local Closing shall be reimbursed by AbbVie Luxembourg to Abbott Luxembourg; provided that: (a) the amount of such reimbursement shall not exceed the lesser of the applicable Income Tax Benefit and the amount of applicable Local Income Tax; and (b) the Income Tax Benefit and the Local Income Tax shall be determined using the highest Tax rate of the applicable Abbott Local Entity (and not a rate determined solely for the Deferred AbbVie Local Business) in effect at the time of Local Closing. In the case of any loss incurred by the Abbott Local Entity attributable to, resulting from, or arising out of, the transfer of the Deferred AbbVie Local Business at the Local Closing, Abbott Luxembourg shall pay to AbbVie Luxembourg the amount of the Income Tax Benefit realized by the Local Abbott Entity from such loss; **provided** that the amount of the Income Tax Benefit of the loss shall be determined using the highest Tax rate of the applicable Abbott Local Entity (and not a rate determined solely for the Deferred AbbVie Local Business) in effect for the calendar year of the Local Closing. Any amount due under this [Section 3.07](#) shall be paid in US Dollars within thirty (30) days of the filing of the relevant income Tax Return by the Local Abbott Entity that includes the Local Closing using the applicable Average Rate at the time such payment is made.

#### ARTICLE IV

##### TERM

Section 4.01. **Term.**

(a) Except as provided in [Section 4.01\(b\)](#), this Agreement shall become effective at the Effective Time and shall remain in effect for a term expiring on the earlier of (i) the date of the consummation of the last Local Closing for the applicable Abbott Local Entity and (ii) the second (2<sup>nd</sup>) anniversary of the Distribution Date (the "**Final Closing Date**").

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(b) Solely with respect to the Local Closing related to the Deferred AbbVie Local Business of the Brazilian Local Entity, this Agreement shall become effective at the Effective Time and shall remain in effect for a term expiring on the earlier of (i) the date of the consummation of the Local Closing for the Brazilian Local Entity and (ii) the third (3<sup>rd</sup>) anniversary of the Distribution Date.

Section 4.02. **Survival.** The provisions of [Section 2.06](#), [Section 2.07](#), [Section 2.08](#), [Section 2.10](#), [Section 3.03\(e\)](#), [Section 3.05](#), [Section 3.06](#), this [Section 4.02](#), [Article V](#) and [Article VI](#) of this Agreement, any outstanding payment obligations under [Article II](#) and any outstanding payment and wind-down obligations under [Article III](#) shall survive the termination of this Agreement and shall remain in full force and effect thereafter.

#### ARTICLE V

##### DISPUTE RESOLUTION

Section 5.01. **Dispute Resolution.** Other than as set forth in [Section 2.07](#), in the event of any controversy, dispute or claim (a "**Dispute**") arising out of or relating to either Party's rights or obligations under this Agreement (whether arising in contract, tort or otherwise) or otherwise arising out of or relating in any way to this Agreement (including the interpretation or validity of this Agreement), such Dispute shall be resolved in accordance with the dispute resolution process referred to in [Section 7.01](#) to the Separation and Distribution Agreement.

Section 5.02. **Continuation of Commitments.** Unless otherwise agreed in writing, the Parties shall, and shall cause their respective Subsidiaries to, continue to honor all commitments under this Agreement to the extent required by this Agreement during the course of dispute resolution pursuant to the provisions of this [Article V](#) with respect to all matters related to such Dispute.

#### ARTICLE VI

##### MISCELLANEOUS

Section 6.01. **Confidentiality.**

(a) **Confidentiality.** From and after the Effective Time, subject to [Section 6.02](#) and except as contemplated by or otherwise provided in this Agreement, Abbott Luxembourg, on behalf of itself and each of the Abbott Local Entities, and AbbVie Luxembourg, on behalf of itself and each of the AbbVie Local Entities, agrees to hold, and to cause its respective directors, officers, employees, agents, accountants, counsel and other advisors and representatives (each, a "**Representative**") to hold, in strict confidence, with at least the same degree of care that applies to Abbott's confidential and proprietary information pursuant to policies in effect as of the Effective Time, all confidential and proprietary information concerning the other Party (or its business) and the other Party's Subsidiaries (or their respective businesses) that is either in its possession (including confidential and proprietary information in its possession prior to the Effective Time) or furnished by the other Party or the other Party's Subsidiaries or their respective Representatives at any time pursuant to this Agreement, and shall

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not use any such confidential and proprietary information other than for such purposes as may be expressly permitted hereunder, except, to the extent that such confidential and proprietary information has been: (i) in the public domain or generally available to the public, other than as a result of a disclosure by such Party or any of its Subsidiaries or any of their respective Representatives in violation of this Agreement; (ii) later lawfully acquired from other sources by such Party or any of its Subsidiaries, which sources are not themselves bound by a confidentiality obligation or other contractual, legal or fiduciary obligation of confidentiality with respect to such confidential and proprietary information; or (iii) independently developed or generated without reference to or use of the respective proprietary or confidential information of the other Party or any of its Subsidiaries. If any confidential and proprietary information of one Party or any of its Subsidiaries is disclosed to another Party or any of its Subsidiaries in connection with providing services to such first Party or any of its Subsidiaries under this Agreement, then such disclosed confidential and proprietary information shall be used only as required to perform such services.

(b) **No Release.** Each Party agrees (i) not to release or disclose, or permit to be released or disclosed, any information addressed in [Section 6.01\(a\)](#) to any other Person, except its Representatives who need to know such information in their capacities as such, and except in compliance with [Section 6.02](#) and (b) to use commercially reasonable efforts to maintain any such information in accordance with [Section 6.03](#) of the Separation and Distribution Agreement.

(c) **Third-Party Information; Privacy and Data Protection Laws.** Each Party acknowledges that it and its respective Subsidiaries may presently have and, following the Effective Time, may gain access to or possession of confidential or proprietary information of, or personal information relating to, Third Parties (i) that was received under confidentiality or non-disclosure agreements entered into between such Third Parties, on the one hand, and the other Party or the other Party's Subsidiaries, on the other hand, prior to the Effective Time; or (ii) that, as between the two Parties, was originally collected by the other Party or the other Party's Subsidiaries and that may be subject to and protected by privacy, data protection or other applicable Laws. As provided in more detail in a data protection agreement to be entered into between Abbott and AbbVie as of the Effective Time, each Party agrees that it shall hold, protect and use, and shall cause its Subsidiaries and its and their respective Representatives to hold, protect and use, in strict confidence the confidential and proprietary information of, or personal information relating to, Third Parties in accordance with privacy, data protection or other applicable Laws and the terms of any agreements that were either entered into before the Effective Time or affirmative commitments or representations that were made before the Effective Time by, between or among the other Party or the other Party's Subsidiaries, on the one hand, and such Third Parties, on the other hand.

Section 6.02. **Protective Arrangements.** In the event that either Party or any of its Affiliates is requested or required (by oral question, interrogatories, requests for information or documents, subpoena, civil investigative demand or similar process) by any Governmental Authority or pursuant to applicable Law to disclose or provide any confidential or proprietary information of the other Party that is subject to the confidentiality provisions hereof, or to disclose or provide any Personal Data that it processes on behalf of the other Party in accordance with the data protection agreement to be entered into between Abbott and AbbVie as of the

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Effective Time, such Party shall, unless prohibited by such request or requirement of the applicable Governmental Authority or under applicable Law, provide the other Party with Notice of such request or demand as promptly as practicable under the circumstances so that such other Party shall have an opportunity to seek an appropriate protective order, at such other Party's own cost and expense. In the event that such other Party fails to receive such appropriate protective order in a timely manner and the Party receiving the request or demand reasonably determines that its failure to disclose or provide such information shall actually prejudice the Party receiving the request or demand, then the Party that received such request or demand may thereafter disclose or provide information to the extent required by such Law (as so advised by counsel) or by lawful process or such Governmental Authority.

Section 6.03. **Counterparts; Entire Agreement; Corporate Power; Facsimile Signatures.**

(a) **Counterparts.** This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement.

(b) *Entire Agreement.* This Agreement, the Separation and Distribution Agreement, the Luxembourg Demerger Plan and the exhibits and schedules hereto and thereto contain the entire agreement between the Parties with respect to the subject matter hereof, supersede all previous agreements, negotiations, discussions, writings, understandings, commitments and conversations with respect to such subject matter and there are no agreements or understandings between the Parties other than those set forth or referred to herein or therein. It is the intention of the Parties that the Conveyance and Assumption Instruments shall be consistent with the terms of this Agreement. In the event of any conflict between the Conveyance and Assumption Instruments and this Agreement, the provisions of this Agreement shall control. The Parties agree that the Conveyance and Assumption Instruments are not intended and shall not be construed in any way to enhance, modify or decrease any of the rights or obligations of Abbott Luxembourg, any Abbott Local Entity, AbbVie Luxembourg or any AbbVie Local Entity from those contained in this Agreement.

(c) *Corporate Power.* Abbott Luxembourg represents on behalf of itself and, to the extent applicable, each Abbott Local Entity and AbbVie Luxembourg represents on behalf of itself and, to the extent applicable, each AbbVie Local Entity as follows:

(i) each such Person has the requisite corporate or other power and authority and has taken all corporate or other action necessary in order to execute, deliver and perform this Agreement and to consummate the transactions contemplated hereby; and

(ii) this Agreement has been duly executed and delivered by it and constitutes a valid and binding agreement of it enforceable in accordance with the terms thereof.

(d) *Signatures and Delivery.* Each Party acknowledges that it and the other Party may execute this Agreement by manual, stamp or mechanical signature, and that delivery of an executed counterpart of a signature page to this Agreement (whether executed by manual, stamp or mechanical signature) by facsimile or by email in portable document format (PDF) shall be effective as delivery of such executed counterpart of this Agreement. Each Party expressly adopts and confirms a stamp or mechanical signature (regardless of whether delivered

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in person, by mail, by courier, by facsimile or by email in portable document format (PDF)) made in its respective name as if it were a manual signature delivered in person, agrees that it shall not assert that any such signature or delivery is not adequate to bind such Party to the same extent as if it were signed manually and delivered in person and agrees that, at the reasonable request of the other Party at any time, it shall as promptly as reasonably practicable cause each such Agreement to be manually executed (any such execution to be as of the date of the initial date thereof) and delivered in person, by mail or by courier.

Section 6.04. *Governing Law.* This Agreement shall be governed by and construed and interpreted in accordance with the Laws of the State of Delaware, irrespective of the choice of Laws and principles of the State of Delaware, as to all matters, including matters of validity, construction, effect, enforceability, performance and remedies.

Section 6.05. *Assignability.* This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns; provided, however, that neither Party may assign its rights or delegate its obligations under this Agreement without the express prior written consent of the other Party hereto. Notwithstanding the foregoing, no such consent shall be required for the assignment of a Party's rights and obligations under this Agreement in whole in connection with a Change of Control of a Party, so long as the resulting, surviving or transferee Person assumes all the obligations of the relevant Party thereto by operation of Law or pursuant to an agreement in form and substance reasonably satisfactory to the other Party. Nothing herein is intended to, or shall be construed to, prohibit either Party or any of its Subsidiaries from being party to or undertaking a Change of Control.

Section 6.06. *Third Party Beneficiaries.* The provisions of this Agreement are solely for the benefit of the Parties, the Abbott Local Entities and the AbbVie Local Entities and their respective permitted successors and assigns, and are not intended to confer upon any Person except the Parties, the Abbott Local Entities and the AbbVie Local Entities and their permitted successors and assigns, any rights or remedies hereunder; and there are no other Third Party beneficiaries of this Agreement and this Agreement shall not provide any other Third Party with any remedy, claim, Liability, reimbursement, claim of action or other right in excess of those existing without reference to this Agreement.

Section 6.07. *Notices.* All Notices shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by overnight courier service or by facsimile with receipt confirmed (followed by delivery of an original via overnight courier service) or by registered or certified mail (postage prepaid, return receipt requested) to the respective Parties at the following addresses (or at such other address for a Party as shall be specified in a Notice):

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If to Abbott Luxembourg:

Abbott Investments Luxembourg S.a.r.l.  
Regus Luxembourg City Centre  
Suite 123  
26, boulevard Royal  
L-2449 Luxembourg  
Grand Duchy of Luxembourg  
Attn: Treasurer, Logistics  
Facsimile: +352 22 99 99 54 99

with a copy to (which shall not constitute Notice):

Abbott Laboratories  
100 Abbott Park Road  
Abbott Park, Illinois 60064-6020  
Attn: General Counsel  
Facsimile: (847) 937-3966

If to AbbVie Luxembourg:

AbbVie Investments S.a.r.l.  
Regus Luxembourg City Centre  
Suite 120  
26, boulevard Royal  
L-2449 Luxembourg  
Grand Duchy of Luxembourg  
Attn: Treasurer, Logistics  
Facsimile: +352 22 99 99 54 99

with a copy to (which shall not constitute Notice):

AbbVie Inc.  
1 North Waukegan Road  
North Chicago, Illinois 60064  
Attn: General Counsel  
Facsimile: (847) 935-3294

Either Party may, by Notice to the other Party, change the address to which such Notices are to be given.

Section 6.08. *Severability.* In the event that any one or more of the terms or provisions of this Agreement or the application thereof to any Person or circumstance is determined by a court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Agreement, or the application of such term or provision to Persons or circumstances or in jurisdictions other than those as to which it has been determined to be invalid, illegal or unenforceable, and the Parties shall use their commercially reasonable efforts to substitute one or

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more valid, legal and enforceable terms or provisions into this Agreement which, insofar as practicable, implement the purposes and intent of the Parties. Any term or provision of this Agreement held invalid or unenforceable only in part, degree or within certain jurisdictions shall remain in full force and effect to the extent not held invalid or unenforceable to the extent consistent with the intent of the parties as reflected by this Agreement. To the extent permitted by applicable Law, each Party waives any term or provision of Law which renders any term or provision of this Agreement to be invalid, illegal or unenforceable in any respect.

Section 6.09. **Force Majeure.** Neither Party shall be deemed in default of this Agreement for failure to fulfill any obligation so long as and to the extent to which any delay or failure in the fulfillment of such obligations is prevented, frustrated, hindered or delayed as a consequence of circumstances of Force Majeure. In the event of any such excused delay, the time for performance shall be extended for a period equal to the time lost by reason of the delay. A Party claiming the benefit of this provision shall, as soon as reasonably practicable after the occurrence of any such event, (a) provide Notice to the other Party of the nature and extent of any such Force Majeure condition; and (b) use commercially reasonable efforts to remove any such causes and resume performance under this Agreement as soon as reasonably practicable. Notwithstanding the foregoing, the Final Closing Date shall not be delayed pursuant to this Section 6.09 beyond the date that is thirty (30) months after the Distribution Date for all Local Closings, except for a Local Closing related to the Deferred AbbVie Local Business of the Brazilian Local Entity where such Final Closing Date shall not be delayed pursuant to this Section 6.09 beyond the date that is forty two (42) months after the Distribution Date.

Section 6.10. **No Set Off.** Except as expressly contemplated by this Agreement or mutually agreed to in writing by the Parties, neither Party nor any of its Affiliates shall have any right of set off or other similar rights with respect to (a) any amounts received pursuant to this Agreement, or (b) any other amounts claimed to be owed to the other Party or any of its Affiliates arising out of this Agreement.

Section 6.11. **Responsibility for Expenses.** Except as otherwise expressly set forth in this Agreement, or as otherwise agreed to in writing by the Parties, each Party shall bear its own costs and expenses incurred or accrued during the International Operations Transition Period; provided that all fees and expenses incurred or accrued by Abbott or AbbVie with respect to any legal, tax, valuation or other advisor engaged by Abbott or AbbVie upon the joint consent of Abbott and AbbVie solely in connection with the preparation for, and consummation of, a Local Closing (other than a sale or wind-down pursuant to Section 3.05) shall be shared equally, on terms to be agreed from time to time, between Abbott and AbbVie.

Section 6.12. **Headings.** The Article, Section and Paragraph headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

Section 6.13. **Waivers of Default.** Waiver by either Party of any default by the other Party of any provision of this Agreement shall not be deemed a waiver by the waiving Party of any subsequent or other default, nor shall it prejudice the rights of the waiving Party.

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Section 6.14. **Amendments.** No provisions of this Agreement shall be deemed amended, supplemented or modified unless such amendment, supplement or modification is in writing and signed by an authorized representative of both Parties. No provisions of this Agreement shall be deemed waived unless such waiver is in writing and signed by the authorized representative of the Party against whom it is sought to be enforced.

Section 6.15. **Interpretation.** Words in the singular shall be deemed to include the plural and vice versa and words of one gender shall be deemed to include the other genders as the context requires. The terms "hereof," "herein," and "herewith" and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement as a whole (including all of the Schedules hereto) and not to any particular provision of this Agreement. Article, Section and Schedule references are to the Articles, Sections and Schedules to this Agreement unless otherwise specified. Unless otherwise stated, all references to any agreement shall be deemed to include the exhibits, schedules and annexes to such agreement. The word "including" and words of similar import when used in this Agreement shall mean "including, without limitation," unless the context otherwise requires or unless otherwise specified. The word "or" shall not be exclusive. Unless otherwise specified in a particular case, the word "days" refers to calendar days. References herein to this Agreement shall be deemed to refer to this Agreement as of the date on which it is executed and as it may be amended, modified or supplemented thereafter, unless otherwise specified. References to the performance, discharge or fulfillment of any Liability in accordance with its terms shall have meaning only to the extent such Liability has terms. If the Liability does not have terms, the reference shall mean performance, discharge or fulfillment of such Liability.

Section 6.16. **Public Announcements.** From and after the Effective Time, Abbott Luxembourg and AbbVie Luxembourg shall consult with each other before issuing, and give each other the opportunity to review and comment upon, that portion of any press release or other public statements that relates respect to the transactions contemplated by this Agreement, and shall not issue any such press release or make any such public statement prior to such consultation, except (a) as may be required by applicable Law, court process or by obligations pursuant to any listing agreement with any national securities exchange or national securities quotation system; or (b) as otherwise set forth on Schedule 9.16 to the Separation and Distribution Agreement.

Section 6.17. **Specific Performance.** In the event of any actual or threatened default in, or breach of, any of the terms, conditions and provisions of this Agreement, the Party or Parties who are or are to be thereby aggrieved shall have the right to specific performance and injunctive or other equitable relief (on an interim or permanent basis) of its rights under this Agreement, in addition to any and all other rights and remedies at law or in equity, and all such rights and remedies shall be cumulative. The Parties agree that the remedies at law for any breach or threatened breach, including monetary damages, may be inadequate compensation for any loss and that any defense in any Proceeding for specific performance that a remedy at Law would be adequate is waived.

Section 6.18. **Mutual Drafting.** This Agreement shall be deemed to be the joint work product of the Parties and any rule of construction that a document shall be interpreted or construed against a drafter of such document shall not be applicable.

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IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives.

ABBOTT INVESTMENTS LUXEMBOURG S.à r.l.

ABBVIE INVESTMENTS S.à r.l.

By: /s/ Thomas C. Freyman  
Name: Thomas C. Freyman  
Title: Authorized Representative

By: /s/ William J. Chase  
Name: William J. Chase  
Title: Authorized Representative

*[Signature Page to Luxembourg International Commercial Operations Agreement]*

**Schedule 1.01(a)**

**Abbott Local Entities**

Abbott Subsidiary Company Name	Jurisdiction
Abbott Društvo sa Odgranicenom odgovornoscu za trgovinu i usluge (Bosnia)	Bosnia
Abbott Laboratorios do Brasil Ltda.	Brazil
Abbott Healthcare Costa Rica, S.A.	Costa Rica
Abbott Laboratories d.o.o	Croatia
Abbott Limited Egypt LLC	Egypt
Abbott, S.A. de C.V.	El Salvador
Abbott Laboratorios, S.A.	Guatemala
Abbott India Ltd.	India
P.T. Abbott Indonesia	Indonesia
Abbott Medical Laboratories Limited	Israel
Abbott Laboratories Baltics SIA	Latvia
UAB Abbott Laboratories	Lithuania
Abbott Laboratories Pakistan Ltd	Pakistan
Abbott Laboratories	Philippines
Abbott Laboratories d.o.o	Slovenia
Abbott Laboratories Limited	Thailand
Abbott Ukraine LLC	Ukraine
Abbott Laboratories, C.A.	Venezuela
Each branch or representative office of Abbott Laboratories SA (Switzerland) to the extent that such branch or representative office has Assets and Liabilities related to the AbbVie Business, including any clinical trial agreements entered into by Abbott Laboratories SA (Switzerland) which are performed by such branch or representative office.	Each jurisdiction in which a branch or representative office of Abbott Laboratories SA (Switzerland) has Assets and Liabilities of the AbbVie Business.

Any other Abbott Subsidiary not listed on this [Schedule 1.01\(a\)](#), as determined by, and agreed between, Abbott and AbbVie, as being an Abbott Local Entity shall be treated as an Abbott Local Entity, including any Abbott Subsidiaries in the following jurisdictions: Afghanistan, Azerbaijan, Bahamas, Barbados, jurisdictions within the Caribbean, Dominican Republic, Honduras, Jamaica, Lebanon, Namibia, Nicaragua, Panama, Serbia, Suriname and Trinidad & Tobago.

#### **Schedule 1.01(b)**

##### **Services Affiliates**

<b><u>Abbott Subsidiary Company Name</u></b>	<b><u>Jurisdiction</u></b>
Abbott Društvo sa Odgranicenom odgovornoscu za trgovinu i usluge (Bosnia)	Bosnia
Abbott Laboratories d.o.o	Croatia
Abbott, S.A. de C.V.	El Salvador
Abbott Laboratories Baltics SIA	Latvia
UAB Abbott Laboratories	Lithuania
Abbott Laboratories d.o.o	Slovenia
Abbott Ukraine LLC	Ukraine
Each branch or representative office of Abbott Laboratories SA (Switzerland) to the extent that such branch or representative office has Assets and Liabilities related to the AbbVie Business, including any clinical trial agreements entered into by Abbott Laboratories SA (Switzerland) which are performed by such branch or representative office.	Each jurisdiction in which a branch or representative office of Abbott Laboratories SA (Switzerland) has Assets and Liabilities of the AbbVie Business.

Any other Abbott Subsidiary not listed on this [Schedule 1.01\(b\)](#), as determined by, and agreed between, Abbott and AbbVie, as being a Services Affiliate shall be treated as a Services Affiliate, including, any Abbott Subsidiaries in the following jurisdictions: Afghanistan, Azerbaijan, Bahamas, Barbados, jurisdictions within the Caribbean, Dominican Republic, Honduras, Jamaica, Lebanon, Namibia, Nicaragua, Panama, Serbia, Suriname and Trinidad & Tobago.

#### **Schedule 2.05(b)**

##### **Accounting Principles**

“**Abbott Mark-Up Amount**” means an amount equal to 3% of all expenses incurred by a Services Affiliate attributable to the operation of the Deferred AbbVie Local Business during the International Operations Transition Period for items that would have otherwise constituted services provided by such Services Affiliate under the Ex-U.S. Transition Services Agreement if the Local Closing for such Services Affiliate had taken place prior to the Distribution Date, which such amount represents a portion of the Mark-Up Fees for the applicable Services Affiliate.

“**Aggregate AbbVie Business Expenses**” means (a) the sum of all AbbVie Business Expenses in respect of all Services Affiliates for whom a Local Closing has not occurred **plus** (b) the sum of all AbbVie Business Expenses in respect of all Services Affiliates for whom a Local Closing has occurred but such AbbVie Business Expenses have not been included in the Aggregate Net Amount for a prior calendar month.

“**Aggregate Mark-Up Fee**” means (a) the sum of all Mark-Up Fees in respect of all Services Affiliates for whom a Local Closing has not occurred; **plus** (b) the sum of all Mark-Up Fees in respect of all Services Affiliates for whom a Local Closing has occurred but such Mark-Up Fees have not been included in the Aggregate Net Amount for a prior calendar month **minus**; (c) the sum of all Abbott Mark-Up Amounts in respect of all Services Affiliates for whom a Local Closing has not occurred **minus**; (d) the sum of all Abbott Mark-Up Amounts in respect of all Services Affiliates for whom a Local Closing has occurred but such Mark-Up Fees have not been included in the Aggregate Net Amount for a prior calendar month.

“**Aggregate Monthly Cash Decrease**” means (a) the sum of all Monthly Cash Decreases in respect of all Local Buy-Sell Entities for whom a Local Closing has not occurred; **plus** (b) the sum of all Monthly Cash Decreases in respect of all Local Buy-Sell Entities for whom a Local Closing has occurred but such Monthly Cash Decreases have not been included in the Aggregate Net Amount for a prior calendar month.

“**Aggregate Monthly Cash Increase**” means (a) the sum of all Monthly Cash Increases in respect of all Local Buy-Sell Entities for whom a Local Closing has not occurred; **plus** (b) the sum of all Monthly Cash Increases in respect of all Local Buy-Sell Entities for whom a Local Closing has occurred but such Monthly Cash Increases have not been included in the Aggregate Net Amount for a prior calendar month.

“**Aggregate Net Amount**” means (a) the Aggregate Monthly Cash Increase; **minus** (b) the Aggregate Monthly Cash Decrease; **plus** (c) the Aggregate Mark-Up Fee.

“**Ex-U.S. Transition Services Agreement**” means the Ex-U.S. Transition Services Agreement entered into prior to the Effective Time by and between Abbott, AbbVie and certain of their respective Affiliates.

“**Monthly Cash Decrease**” means for each calendar month during the International Operations Transition Period, the cash advanced to each Deferred AbbVie Local Business held

by a Local Buy-Sell Entity for whom a Local Closing has not occurred, or for whom a Local Closing has occurred but such Monthly Cash Decrease has not been included in the Aggregate Net Amount for a prior calendar month, which such amount shall be reflected in the cash flow statement for such Local Buy-Sell Entity as the “Net decrease in cash” and which such amount shall be converted from Local Currency to US Dollars using the Book Rate.

“**Monthly Cash Increase**” means for each calendar month during the International Operations Transition Period, the cash derived from each Deferred AbbVie Local Business held by a Local Buy-Sell Entity for whom a Local Closing has not occurred, or for whom a Local Closing has occurred but such Monthly Cash Increase has not been included in the Aggregate Net Amount for a prior calendar month, which such amount shall be reflected in the cash flow statement for such Local Buy-Sell Entity as the “Net increase in cash” and which such amount shall be converted from Local Currency to US Dollars using the Book Rate.

2. In calculating, for each Local Buy-Sell Entity, the Monthly Cash Increase or the Monthly Cash Decrease, as applicable, the following shall be taken into account:

(a) Each of the profit and loss statement, balance sheet and cash flow statement provided in accordance with [Section 2.07\(a\)](#) shall be prepared in accordance with the principles set forth in this [Schedule 2.05\(b\)](#) and, to the extent not inconsistent with such principles, in accordance with GAAP applied on a basis consistent with the AbbVie Pro Forma Balance Sheet, Abbott’s historical accounting policies, procedures and conventions, and with the same level of detail as used by Abbott in the preparation of Abbott’s monthly financial reporting package and the standard financial reports used by Abbott on the Distribution Date. Such financial statements shall include amounts specifically attributable to the Deferred AbbVie Local Business segregated in unique AbbVie accounts within the Local Buy-Sell Entity’s financial systems.

(b) The net income of the Deferred Local AbbVie Business of each Local Buy-Sell Entity reflected in the profit and loss statement shall be calculated in accordance with the principles set forth in this [Schedule 2.05\(b\)](#) and, to the extent not inconsistent with such principles, in accordance with GAAP applied on a basis consistent with the AbbVie Pro Forma Balance Sheet and Abbott’s historical accounting policies, procedures and conventions. The net income of the Deferred Local AbbVie Business of each Local Buy-Sell Entity shall be converted from Local Currency to US Dollars using the Average Rate.

(c) The Assets and Liabilities attributable to the Deferred AbbVie Local Business of each Local Buy-Sell Entity reflected in the balance sheet shall be converted from Local Currency to US Dollars using the Book Rate.

(d) In calculating the net income of each Local Buy-Sell Entity: (i) a mark-up of 3% shall be added to all expenses incurred by such Local Buy-Sell Entity attributable to the operation of the Deferred AbbVie Local Business during the International Operations Transition Period for items that would have otherwise constituted services provided by such Local Buy-Sell Entity under the Ex-U.S. Transition Services Agreement if the Local Closing for such Local Buy-Sell Entity had taken place prior to the Distribution Date; and (ii) a mark-up of 10% shall be added to all expenses incurred by such Local Buy-Sell Entity attributable to the operation of the

Deferred AbbVie Local Business during the International Operations Transition Period for items that would have otherwise constituted services provided by such Local Buy-Sell Entity under a contract manufacturing agreement if the Local Closing for such Local Buy-Sell Entity had taken place prior to the Distribution Date. All other expenses attributable to the operations of the Deferred AbbVie Local Business incurred by each Local Buy-Sell Entity during the International Operations Transition Period (for example, salaries of employees of the Deferred AbbVie Local Business) shall not be subject to a mark-up when calculating the net income of such Local Buy-Sell Entity.

(e) The portion of the interest expense on any loans entered into by a Local Buy-Sell Entity attributable to the operation of the Deferred AbbVie Local Business shall be taken into account for purposes of calculating the Monthly Cash Increase or the Monthly Cash Decrease, as applicable, for such Local Buy-Sell Entity. If any interest expense on any such loan is included in the calculation of the Monthly Cash Increase or the Monthly Cash Decrease for the applicable Local Buy-Sell Entity, then the applicable cash proceeds and loan Liability with respect to such loan attributable to the operation of the Deferred AbbVie Local Business shall be (i) included as an Asset and a Liability of the Deferred AbbVie Local Business of the applicable Local Buy-Sell Entity, and (ii) included in the calculation of the Monthly Cash Increase or Monthly Cash Decrease for the applicable Local Buy-Sell Entity. If any loan Liability with respect to the operation of the Deferred AbbVie Local Business remains outstanding as of the Local Closing Date, then such loan Liability shall be repaid in full by AbbVie Luxembourg or an Affiliate of AbbVie Luxembourg as part of the consummation of the Local Closing for such Local Buy-Sell Entity. Subject to the application of the foregoing, AbbVie Luxembourg may deliver a Notice to Abbott Luxembourg or the Venezuelan Local Entity requesting that the Venezuelan Local Entity enter into a loan agreement in the amount specified in such Notice, the proceeds of which to be used for the operation of the Deferred AbbVie Local Business.

(f) The portion of the cost of the Local Buy-Sell Entity entering into financial hedging arrangements attributable to the operation of the Deferred AbbVie Local shall be taken into account for purposes of calculating the Monthly Cash Increase or the Monthly Cash Decrease, as applicable, for such Local Buy-Sell Entity.

(g) The portion of the exchange gain or exchange loss incurred by the Local Buy-Sell Entity attributable to the operation of the Deferred AbbVie Local Business shall be taken into account for purposes of calculating the Monthly Cash Increase or the Monthly Cash Decrease, as applicable, for each Local Buy-Sell Entity.

(h) If there is a dispute between the Parties in respect of any amount set forth in the Deferred AbbVie Business Report relating to the AbbVie Assets and AbbVie Liabilities of a Deferred AbbVie Local Business of a Local Buy-Sell Entity, the Monthly Cash Increase or Monthly Cash Decrease in respect of such Local Buy-Sell Entity shall be excluded from the calculation of the Aggregate Monthly Cash Increase or the Aggregate Monthly Cash Decrease until such time as the dispute has been resolved in accordance with [Section 2.04\(b\)](#) or [Section 2.07\(d\)](#) and [Section 2.07\(e\)](#). Upon resolution of the dispute, the Monthly Cash Increase(s) or Monthly Cash Decrease(s) in respect of the Deferred AbbVie Local Business of such Local Buy-Sell Entity for all calendar months since the Distribution Date shall each be included in the

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calculation of the next Aggregate Monthly Cash Increase or the Aggregate Monthly Cash Decrease.

(i) In determining the amount of the Monthly Cash Increase or Monthly Cash Decrease, as applicable, of any Deferred AbbVie Local Business, any income Taxes accrued but unpaid attributable to such Deferred AbbVie Local Business (the "Accrued Taxes") for such period shall be determined using the statutory rates required by GAAP. Except as provided below, no further adjustments shall be made for the difference, if any, between the Accrued Taxes for any Tax year and the actual amount paid with respect to such Taxes for such Tax year attributable to such Deferred AbbVie Local Business determined using the highest Tax rate of the applicable Abbott Local Entity (and not a rate determined solely for the Deferred AbbVie Local Business) (the "Actual Tax Amount"). Within a reasonable period of time following the filing of the income Tax Return by an Abbott Local Entity that includes the results of the Deferred AbbVie Local Business, in whole or in part, (a) if the Actual Tax Amount with respect to the Deferred AbbVie Local Business is greater than the Accrued Taxes during such Tax year, AbbVie Luxembourg shall pay Abbott Luxembourg the amount of such difference, and (b) if the Actual Tax Amount with respect to the Deferred AbbVie Local Business is less than the Accrued Taxes during such Tax year, Abbott Luxembourg shall pay AbbVie Luxembourg the amount of such difference. All amounts paid by AbbVie Luxembourg or Abbott Luxembourg pursuant to the preceding sentence shall be paid in US Dollars converted from Local Currency to US Dollars using the Average Rate in effect at the time such payment is made. All Taxes attributable to the operation of each Deferred AbbVie Local Business shall be calculated on a standalone basis.

(j) To the extent that GAAP rules are modified by the Financial Accounting Standards Board during the International Operations Transition Period, the net income of the Deferred Local AbbVie Business of each Local Buy-Sell Entity reflected in the profit and loss statement shall be calculated, and each profit and loss statement, balance sheet and cash flow statement provided in accordance with [Section 2.07\(a\)](#) shall be prepared, in accordance with the principles set forth in this [Schedule 2.05\(b\)](#) and, to the extent not inconsistent with such principles, in accordance with GAAP applied on a basis consistent with the AbbVie Pro Forma Balance Sheet as updated to reflect such modifications to the GAAP rules and Abbott's historical accounting policies, procedures and conventions.

3. No interest shall be payable by AbbVie Luxembourg to Abbott Luxembourg in respect of the Assets of a Deferred AbbVie Local Business held by the Abbott Local Entities during the International Operations Transition Period.

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**Exhibit A**

**Brazilian Plan**

Abbott Laboratórios do Brasil Ltda. transfers its Deferred AbbVie Local Business to a newly formed sister company of Abbott Laboratórios do Brasil Ltda (AbbVie Farmacêutica Ltda) in a demerger transaction. Following the completion of the demerger transaction, subsidiaries indirectly owned by AbbVie Inc. acquire the quotas of AbbVie Farmacêutica Ltda.

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**Exhibit B**

**Venezuelan Plan**

Abbott Laboratories, CA contributes the Deferred AbbVie Local Business to a newly formed subsidiary (AbbVie Pharmaceuticals SCA) in exchange for shares. Following the completion of the contribution, a Dutch subsidiary indirectly owned by AbbVie Inc. acquires the shares of AbbVie Pharmaceuticals SCA.

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## INFORMATION TECHNOLOGY AGREEMENT

DATED AS OF DECEMBER 31, 2012

by and between

ABBOTT LABORATORIES

and

ABBVIE INC.

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THIS INFORMATION TECHNOLOGY AGREEMENT, dated as of December 31, 2012 and effective as of the Effective Time, is by and between ABBOTT LABORATORIES, an Illinois corporation ("Abbott"), and ABBVIE INC., a Delaware corporation ("AbbVie").

RECITALS:

WHEREAS, the board of directors of Abbott has determined that it is appropriate and advisable to separate Abbott's research-based pharmaceuticals business from its other businesses;

WHEREAS, in order to effectuate the foregoing, Abbott and AbbVie have entered into a Separation and Distribution Agreement, dated as of November 28, 2012 (the "Separation and Distribution Agreement"), which provides for, among other things, the contribution from Abbott to AbbVie of certain assets, the assumption by AbbVie of certain Liabilities from Abbott, the distribution by Abbott of AbbVie common stock to Abbott shareholders, and the execution and delivery of certain other agreements in order to facilitate and provide for the foregoing, in each case subject to the terms and conditions set forth therein;

WHEREAS, in order to ensure an orderly transition under the Separation and Distribution Agreement it will be necessary for each of the Parties (as defined herein) to cooperate to provide for the separation of various information technology systems and services that are currently shared between the Parties, are provided by one Party to the other or are planned to be implemented by both Parties; and

WHEREAS, the Parties intend that all separation activities to be completed under this Agreement shall be completed by the end of the two-year term of this Agreement.

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained in this Agreement, and subject to and on the terms and conditions herein set forth, the Parties hereby agree as follows:

ARTICLE I.

DEFINITIONS.

For purposes of this Agreement, the following terms shall have the following meanings:

"Abbott" has the meaning set forth in the Preamble.

"Abbott Business" has the meaning set forth in the Separation and Distribution Agreement.

"Abbott GIS Standard Rates" means the list of hourly charges agreed upon by Abbott Global Information Services and Abbott's finance and business organization for the provision of information technology services by Abbott Global Information Services personnel to business units and divisions of Abbott, for the period commencing January 1, 2013 and ending December 31, 2013, as such rates are adjusted or amended from time to time.

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"Abbott Owned Materials" has the meaning set forth in Section 3.01(a).

"AbbVie" has the meaning set forth in the Preamble.

"AbbVie Business" has the meaning set forth in the Separation and Distribution Agreement.

"AbbVie IT Agreement" means any IT Agreement which is held in the name of Abbott or any Abbott Subsidiary, and which is used exclusively in connection with, or relates solely to, the AbbVie Business.

"AbbVie Owned Materials" has the meaning set forth in Section 3.01(b).

"Agreement" means this Information Technology Agreement and each of the Schedules hereto.

"Ancillary Agreements" has the meaning set forth in the Separation and Distribution Agreement.

"Approved Supplier List" means the list of suppliers approved by Abbott GIS for work on the Parties' information technology systems and services, as of the Effective Time.

"Assignment Efforts" has the meaning set forth in Section 2.10(b).

"Change of Control" has the meaning set forth in the Separation and Distribution Agreement.

"Charges" has the meaning set forth in Section 2.04(a).

"Consents" has the meaning set forth in the Separation and Distribution Agreement.

"Derivative Work" means a work based on one or more preexisting works, including a condensation, transformation, translation, modification, expansion or adaptation that, if prepared without authorization of the owner of the copyright of such preexisting work, would constitute a copyright infringement under applicable law, but excluding the preexisting work.

"Developed Materials" means any Materials (including software), or any modifications, enhancements or Derivative Works thereof, which (a) are jointly developed by or on behalf of the Parties or any of their Subsidiaries in connection with or as part of the Services and (b) are not otherwise Abbott Owned Materials or AbbVie Owned Materials.

"Effective Time" has the meaning set forth in the Separation and Distribution Agreement.

"Expiration Date" has the meaning set forth in Section 5.01.

"Governmental Authority" has the meaning set forth in the Separation and Distribution Agreement.

"Group A Work Plan" has the meaning set forth in Section 2.04(a)(i).

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"Group B Work Plan" has the meaning set forth in Section 2.04(a)(ii).

"Group C Work Plan" has the meaning set forth in Section 2.04(a)(iii).

"IT Agreement" means any software license or Third Party service agreement that is: (a) used by either Party or its Subsidiaries (i) to provide Services or Materials under this Agreement; or (ii) used to provide any information technology services under the TSA; or (b) required in connection with the operation of the information technology systems and services of the AbbVie Business.

"Liabilities" has the meaning set forth in the Separation and Distribution Agreement.

"Materials" shall mean all computing, networking, telecommunications and other equipment (firmware and hardware); all software programs and programming (and all modifications, replacements, upgrades, enhancements, documentation, materials and media related thereto), including all machine readable and object code, and all source code, utilities, tools and validation packages; and all other literary works, other works of authorship, specifications, design documents and analyses, processes, methodologies, programs, program listings, programming tools, user manuals, documentation, reports, drawings, databases, machine readable text and files, data and similar items.

"Parties" means the parties to this Agreement.

"Party," means each Party to this Agreement.

"Person" has the meaning set forth in the Separation and Distribution Agreement.

“Primary Beneficiary” means, with respect to Services set forth in any Work Plan, the Party for which the provision of such Services would facilitate such Party’s ability to operate independently.

“Prime Rate” has the meaning set forth in the Separation and Distribution Agreement.

“Provider” has the meaning set forth in Section 5.01.

“Provider Upgrade Charges” has the meaning set forth in Section 2.04(a)(i).

“Recipient” has the meaning set forth in Section 5.01.

“Representative” has the meaning set forth in Section 6.01.

“Separation and Distribution Agreement” has the meaning set forth in the Recitals.

“Separation Project” means each individual project that is described in the Separation Projects Plan, and that is or will be described in greater detail in one or more Work Plans.

“Separation Projects Plan” means the high level description of information technology separation projects and the associated timeline for completing those projects that the Parties will undertake pursuant to this Agreement to accomplish the separation of the information technology

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systems and services, as such initial list is set forth in Schedule A, and as the same may be amended from time to time.

“Service Extension” has the meaning set forth in Section 5.01.

“Services” means the services related to the separation of Abbott’s and AbbVie’s information technology systems and services.

“Shared IT Agreement” means any IT Agreement that is held in the name of Abbott or any Abbott Subsidiary, which is used in connection with the Abbott Business and the AbbVie Business.

“Subsidiary” has the meaning set forth in the Separation and Distribution Agreement.

“Taxes” has the meaning set forth in the Separation and Distribution Agreement.

“Third Party” means any Person other than Abbott, any Abbott Subsidiary, AbbVie and any AbbVie Subsidiary.

“TSA” has the meaning set forth in Section 2.02.

“TSA Service” has the meaning set forth in Section 2.04(a)(i).

“U.S.” or “United States” has the meaning set forth in the Separation and Distribution Agreement.

“Work Plan” means each document in the form set forth in Schedule B that is executed by the Parties pursuant to this Agreement, including each applicable “RFSS”, “Contract” or similar document referenced on such Work Plan, that details the work effort and further describes the Services to be performed by Abbott and/or AbbVie in connection with a particular Separation Project(s).

## ARTICLE II.

### SERVICES.

Section 2.01 Services. Each of the Parties agrees to provide, or cause its respective Subsidiaries to provide, the applicable Services set forth in any Work Plan to Abbott or AbbVie, respectively, and/or any of their Subsidiaries, as designated in the Work Plan. Each of the Parties further agrees to use good faith in negotiating any Work Plans which are not completed as of the date hereof. The Parties will cooperate in good faith to identify any additional services that may be reasonably required to facilitate a smooth transition and, for each such service, will: (a) negotiate one or more Work Plans setting forth the service, with the terms thereof to be determined by the Parties and (b) amend the Separation Projects Plan to include the service, to the extent necessary. This Agreement is a master agreement. Each of the Parties, respectively, shall be responsible and liable for all the obligations under this Agreement of each of their respective Subsidiaries that performs Services hereunder.

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Section 2.02 Transition Services Agreements and Conflicts. The Parties have entered into that certain U.S. Transition Services Agreement and that certain Ex-U.S. Transition Services Agreement (collectively, the “TSA”) dated as of the same date as this Agreement. The TSA is intended to cover all services described therein that the Parties will require to continue to operate their respective businesses after the Effective Time including, without limitation, information technology services. This Agreement is intended to cover the additional work effort that must be performed, and Materials that must be developed or procured, to separate the information technology systems and services that (a) are provided by one of the Parties or one or more of its Subsidiaries, to the other Party or one or more of its Subsidiaries, under the TSA, (b) are shared at the Effective Time between the Parties and/or their respective Subsidiaries or (c) are to be implemented by mutual agreement of the Parties. If there is a conflict regarding Services provided under this Agreement, and similar services described in the TSA, this Agreement shall govern and control over such Services. If there is a conflict between the provisions of this Agreement and those of the Separation and Distribution Agreement, this Agreement shall govern and control with respect to the subject matter addressed in this Agreement.

### Section 2.03 Performance of Services.

(a) Each of the Parties shall, and shall cause its Subsidiaries to, perform its duties and responsibilities hereunder in good faith and in a timely manner. Neither Abbott nor AbbVie, nor any of their respective Subsidiaries, shall be liable or held accountable, in damages or otherwise, for any error of judgment or any mistake of fact or law or for anything that Abbott or AbbVie, or any of their respective Subsidiaries, does or refrains from doing in good faith, except in the case of their gross negligence or willful misconduct.

(b) Nothing in this Agreement shall require either Party or its Subsidiaries to perform or cause to be performed any Service in a manner that would constitute a potential violation of applicable law, the Abbott Code of Business Conduct or any existing contract or agreement with a Third Party. If either Party is or becomes aware of any such potential violation, then such Party shall use commercially reasonable efforts to promptly send a Notice to the other Party of any such restriction.

(c) (i) Neither Party nor any of its Subsidiaries will be required to perform or to cause to be performed any of the Services for the benefit of any Third Party or any other Person other than the other Party under this Agreement, and its Subsidiaries, and (ii) EXCEPT AS EXPRESSLY PROVIDED IN AN APPLICABLE WORK PLAN, EACH PARTY ACKNOWLEDGES AND AGREES THAT ALL SERVICES ARE PROVIDED ON AN “AS-IS” BASIS, THAT EACH PARTY ASSUMES ALL RISK AND LIABILITY ARISING FROM OR RELATING TO ITS USE OF AND RELIANCE UPON THE SERVICES PROVIDED TO IT AND THAT EACH PARTY MAKES NO WARRANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO THE SERVICES, AND HEREBY DISCLAIMS ANY REPRESENTATION OR WARRANTY OF MERCHANTABILITY, FITNESS FOR ANY PARTICULAR PURPOSE, NON-INFRINGEMENT OR ANY OTHER WARRANTY WHATSOEVER.

(d) Each Party shall have the right to engage agents, suppliers, subcontractors or independent contractors to provide services that are outside the scope of the Services,

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provided that neither Party nor such Third Parties will, either individually or in connection with one or more other agents, suppliers, subcontractors or independent contractors (including the Third Parties described in Section 2.08(a)), materially adversely affect the Services without the other Party’s reasonable consent; and provided, further, that the engaging Party shall be solely responsible for all such agents, suppliers, subcontractors or independent contractors.

### Section 2.04 Charges for Services and Performance of Separation Projects.

(a) Charges; Estimates. Each Work Plan shall specify the Party that shall bear the costs and expenses of the Services, including the acquisition, procurement, leasing or licensing of Materials, and all other costs and expenses associated with a Party completing a particular Separation Project (all such costs and expenses are collectively referred to as the “Charges”). Unless agreed otherwise in writing by the Parties, the Charges set forth on a Work Plan shall be allocated as follows:

(i) If a Work Plan sets forth services to be performed in order to separate the information technology systems and services that are provided by one of the Parties or one or more of its Subsidiaries, to the other Party or one or more of its Subsidiaries, under the TSA (each such system or service, a "TSA Service" and each such Work Plan, a "Group A Work Plan"), then the Party that is the "Recipient" of the TSA Service under the TSA (or in the case of a TSA Service provided to a Subsidiary of one of the Parties, the Party whose Subsidiary is the recipient of the TSA Service) shall be solely responsible for the Charges set forth on that Group A Work Plan; provided, however, that the Provider shall be solely responsible for any Charges with respect to that Group A Work Plan that are incurred in order to optimize, enhance or upgrade the Provider's own information technology systems or services ("Provider Upgrade Charges").

(ii) If a Work Plan is not a Group A Work Plan and is intended to establish an information technology system or service that one Party does not possess at the Effective Time (a "Group B Work Plan"), then such Party shall be solely responsible for the Charges set forth on that Group B Work Plan; provided, however, that the Provider shall be solely responsible for any Provider Upgrade Charges with respect to such Group B Work Plan.

(iii) If a Work Plan is intended to provide both Parties with an information technology system or service (a "Group C Work Plan"), then the Parties shall cooperate to apportion the applicable Charges specified on that Group C Work Plan between the Parties in a manner that is fair to each Party.

Any dispute or disagreement over the Charges for a Service or whether a Work Plan is a Group A Work Plan, a Group B Work Plan or a Group C Work Plan shall be resolved pursuant to Section 7.14(a). The Charges for completing Separation Projects shall be borne by the Parties according to terms to be agreed upon by the parties, which terms will be determined annually on the basis of the Abbott GIS Standard Rates (as applied to both Abbott and AbbVie) and as adjusted in accordance with historical practice; provided, that the Charges shall exclude any and all amounts for services performed by a Third Party that is not an agent, supplier, subcontractor or independent contractor of the Party providing the Services under such Work Plan.

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The Charges set forth in a Work Plan shall be a good faith estimate of the charges for the Services covered by that Work Plan, and shall neither be binding on the Party providing such estimate nor convert the Work Plan into a fixed-price contract. Any such estimate is for informational purposes only, and the actual fees payable for any Services may be higher or lower than that estimate, with such higher amounts, if applicable, to be paid by the Party responsible for such Charges under the applicable Work Plan. The Charges shall be calculated and billed in the local currency of the Party providing the Services.

(b) Reporting Obligations. The Parties shall be responsible for overseeing the Separation Projects and the progress of the Services in light of the estimated Charges. Each Party shall report to the other Party regarding the status of each Separation Project in the manner and with the frequency described in the applicable Work Plan (including the identification of any known overages in the estimated Charges and an updated estimate to complete such Separation Project), and, in any event, no less frequently than monthly during the term of this Agreement. Unless otherwise agreed in writing, the Parties shall provide such reporting using the form of status report attached hereto as Schedule C.

Section 2.05 Change Control Procedures. During the term of this Agreement, Abbott and/or AbbVie may desire a change in the scope, timing and/or charges for the effort, including modifying, updating and/or refining any Work Plan or the Separation Projects Plan. Requests for all changes shall be made in writing and delivered to the Parties. The Parties shall review the proposed change and: (a) approve it; (b) return it with a request for more detail or information; or (c) reject it. The Parties shall agree on any Charges for such change, including the charges for investigating such change if applicable. If the change is authorized, the Parties shall so indicate in writing, which writing shall constitute approval for the change and the applicable Charges. The writing shall also indicate the effect that the change will have on the other terms and conditions of the applicable Work Plan(s).

Section 2.06 Transitional Nature of Services. The Parties acknowledge the transitional nature of the Services and agree to cooperate in good faith and to use commercially reasonable efforts to effectuate a smooth transition and completion of the Separation Projects.

Section 2.07 Cooperation. In the event that (a) there is nonperformance of any Service as a result of an event described in Section 7.04, or (b) the provision of a Service would violate applicable law, the Parties agree to work together in good faith to arrange for an alternative means by which the Separation Project may be accomplished.

Section 2.08 Use of Third Parties.

(a) Third Parties Used to Provide the Services. Either Party may perform its obligations herein through its Subsidiaries or through agents, suppliers, subcontractors or independent contractors of such Party, or of its Subsidiaries; provided that each such agent, supplier, subcontractor or independent contractor (and the individual employees of such Persons) used by a Party shall be subject to the reasonable prior approval of the other Party. The Parties hereby approve the use of any of the suppliers listed on the Approved Supplier List; provided, however, that each Party reserves the right to reasonably approve or reject individual employees of such suppliers. In addition, if in connection with the provision of Services or Materials

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a Party uses any agent, supplier, subcontractor or independent contractor who has been fired, dismissed or relieved of its obligations by the other Party or its Subsidiary due to poor performance or other cause, the other Party shall be entitled to cause the hiring Party to promptly remove and replace such agent, supplier subcontractor or independent contractor.

(b) Terms Applicable to All Third Parties Used By a Party. Each Party shall cooperate with and work in good faith with the agents, suppliers, subcontractors and independent contractors engaged by the other Party in connection herewith or in connection with related services that require the cooperation of such Party. Such cooperation may include providing reasonable access to the facilities, systems, equipment and/or software required by the other Party to provide the Services or such related services, solely to the extent necessary for such agents, suppliers, subcontractors and independent contractors to perform the work assigned to them. The engaging Party shall cause all such agents, suppliers, subcontractors and independent contractors to comply with the other Party's security and confidentiality requirements and technical policies and procedures. Notwithstanding anything in this Agreement to the contrary, a Party shall not be relieved of its obligations under this Agreement by use of any Subsidiaries, agents, suppliers, subcontractors or independent contractors.

Section 2.09 Security Procedures. Each Party's respective security administration groups shall, subject to the reasonable approval of the other Party, establish and maintain environmental, safety and facility procedures, data security procedures and other safeguards against the destruction, loss, unauthorized access or alteration of systems or Materials of the other Party which are (a) no less rigorous than those maintained by a Party for its own information of a similar nature and (b) adequate to meet the requirements of the other Party's security policies and applicable law. In the event a Party discovers or is notified of a breach or potential breach of security relating to systems or Materials of the other Party, such Party will expeditiously under the circumstances notify the other Party, and will cooperate in the investigation and remediation of the effects of such breach or potential breach of security at its own expense.

Section 2.10 Consents.

(a) AbbVie IT Agreements. Subject to the Parties obtaining any required Consents, Abbott or the applicable Abbott Subsidiary shall assign to AbbVie or the applicable AbbVie Subsidiary any AbbVie IT Agreement. The assignment, and the costs of obtaining any required Consent in connection with the assignment, shall be subject to the terms of the Separation and Distribution Agreement, and the rights and obligations under such IT Agreement shall be AbbVie Assets and AbbVie Liabilities and, if applicable, Delayed Transfer Assets and Delayed Transfer Liabilities, as such terms are defined in the Separation and Distribution Agreement. If, despite using their commercially reasonable efforts, the Parties are unable to obtain a Consent in connection with an AbbVie IT Agreement, then, unless and until such Consent is obtained, the Parties shall use their commercially reasonable efforts to use mutually acceptable alternative approaches to provide the Services or to deliver substantially similar benefits at the sole cost and expense of AbbVie.

(b) Shared IT Agreements. Subject to the Parties obtaining any required Consents, Abbott or the applicable Abbott Subsidiary shall assign to AbbVie or the applicable AbbVie Subsidiary that portion of any Shared IT Agreement that relates to the AbbVie Business.

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The partial assignment, and the costs of obtaining any required Consent in connection with the partial assignment, shall be subject to the terms of the Separation and Distribution Agreement, and the rights and obligations under the assigned portion of such IT Agreement shall be AbbVie Assets and AbbVie Liabilities and, if applicable, Delayed Transfer Assets and Delayed Transfer Liabilities, as such terms are defined in the Separation and Distribution Agreement. If, despite using their commercially reasonable efforts, the Parties are unable to obtain a Consent in connection with a Shared IT Agreement, then, unless and until such Consent is obtained, the Parties shall use their commercially reasonable efforts to use mutually acceptable alternative approaches to provide the Services or to deliver substantially similar benefits. The Parties shall use their commercially reasonable efforts to cooperate in obtaining Consents in connection with Shared IT Agreements ("Assignment Efforts"). Following the Effective Time, and the foregoing in this Section 2.10(b), notwithstanding, any transfer fee to a Third Party to allow joint-use by Abbott and AbbVie of a Shared IT Agreement prior to the partial assignment of such Shared IT Agreement shall be split equally between Abbott and AbbVie.

## ARTICLE III.

### OWNERSHIP AND LICENSE RIGHTS IN MATERIALS.

Section 3.01 Owned Materials.

(a) Abbott shall be the sole and exclusive owner of Materials which are used in connection with the Services and are owned by Abbott, or licensed from Third Parties by Abbott or any of its Subsidiaries, including all enhancements and Derivative Works of such Materials, including United States and foreign intellectual property rights in such Materials, and shall retain all of Abbott's, its

Subsidiaries' and Third Party licensors' rights in such Materials (all such owned, licensed, developed and provided Materials, "Abbott Owned Materials"). Subject to the terms of any Consents, Abbott grants to AbbVie, its Subsidiaries and their contractors and agents a non-exclusive, non-transferable, worldwide, limited right and license to use, execute, reproduce, display, perform, modify and distribute the Abbott Owned Materials for the sole purpose of providing and/or receiving the Services during the term of this Agreement; provided that this license does not give AbbVie and its Subsidiaries, or their contractors or agents, the right, and AbbVie and its Subsidiaries, and their contractors and agents, are not authorized, to sublicense such Materials or use them for the benefit of other customers or for any other purpose without Abbott's prior written consent. Abbott may, in its sole discretion and upon such terms and at such prices as the Parties may agree, grant AbbVie a license to use the Abbott Owned Materials for other purposes and to sublicense such Materials.

(b) Ownership. AbbVie shall be the sole and exclusive owner of Materials which are used in connection with the Services and are owned by AbbVie, or licensed from Third Parties by AbbVie or any of its Subsidiaries, including all enhancements and Derivative Works of such Materials, including United States and foreign intellectual property rights in such Materials and shall retain all of AbbVie's, its Subsidiaries' and Third Party licensors' rights in such Materials (all such owned, licensed, developed and provided Materials, "AbbVie Owned Materials"). Subject to the terms of any Consents, AbbVie grants to Abbott, its Subsidiaries and their contractors and agents a non-exclusive, non-transferable, worldwide, limited right and license to use, execute, reproduce, display, perform, modify and distribute the AbbVie Owned

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Materials for the sole purpose of providing and/or receiving the Services during the term of this Agreement; provided that this license does not give Abbott and its Subsidiaries or their contractors or agents, the right, and Abbott and its Subsidiaries, and their contractors and agents, are not authorized, to sublicense such Materials or use them for the benefit of other customers or for any other purpose without AbbVie's prior written consent. AbbVie may, in its sole discretion and upon such terms and at such prices as the Parties may agree, grant Abbott a license to use the AbbVie Owned Materials for other purposes and to sublicense such Materials.

Section 3.02 Developed Materials.

(a) Ownership. The Parties shall jointly own all intellectual property rights in all Developed Materials. The Parties will, without limitation, retain the right to make, have made, use, lease, import, offer for sale, or sell, have sold and practice methods used in the creation or provision of products or services that incorporate the Developed Materials to the extent that such actions do not infringe upon the intellectual property rights of the other Party. Each Party shall retain the right to grant non-exclusive licenses to any intellectual property right in the Developed Materials without any payment or accounting to the other Party.

(b) Cost Sharing of Developed Materials. The Parties shall mutually agree on whether and in which countries to file and prosecute patent applications covering all jointly owned intellectual property in the Developed Materials, and to maintain patents granted thereunder. Each party shall have an opportunity to review and comment on any such filings prior to submission and to discuss the strategy for preparing, filing, prosecuting, maintaining and defending any such patent applications or resulting patents, and the Parties shall share equally any out-of-pocket costs and expenses incurred with respect to such actions.

(c) Embedded Materials. To the extent that Abbott Owned Materials or AbbVie Owned Materials are embedded in any Developed Materials by the owner of such Materials, the owner of such Materials shall not be deemed to have assigned its intellectual property rights in such owned Materials to the other Party, but subject to the terms and restrictions of any Consent, the owner of such embedded Materials hereby grants to the other Party and its Subsidiaries a worldwide, perpetual, irrevocable, non-exclusive, fully paid-up license, with the right to grant sublicenses, to use, execute, reproduce, display, perform, modify, enhance, distribute and create Derivative Works of such embedded Materials for the benefit and use of the other Party and its Subsidiaries for so long as such Materials remain embedded in such Developed Materials. Notwithstanding the foregoing, neither Party shall embed any Abbott Owned Materials or AbbVie Owned Materials into Developed Materials without the express written agreement of both Parties to do so, as set forth in the applicable Work Plan. In addition, should either Party incorporate into Developed Materials any intellectual property subject to Third Party patent, copyright or license rights, any ownership or license rights granted herein with respect to such Materials shall be limited by and subject to any such patents, copyrights or license rights; provided that, prior to incorporating any such intellectual property in any Materials, the Party incorporating such intellectual property in the Materials has disclosed this fact and obtained the prior written approval of the other Party and has obtained any Consents.

(d) Source Code and Documentation. If either Party requests that the source code for particular Materials be placed in escrow for the benefit of the requesting Party, then

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the Parties shall cooperate in good faith to establish such source code escrow arrangements on terms and conditions that shall be reasonably acceptable to both Parties.

Section 3.03 General Rights and Obligations Regarding Materials.

(a) Copyright Legends. Each Party agrees to reproduce copyright legends which appear in the ordinary course on any portion of the Materials which may be owned by the other Party or Third Parties.

(b) No Implied Licenses. Except as expressly specified in this Agreement, nothing in this Agreement shall be deemed to grant to one Party, by implication, estoppel or otherwise, license rights, ownership rights or any other intellectual property rights in any Materials owned by the other Party or any Subsidiary of the other Party.

(c) Residuals. Nothing in this Agreement shall restrict any employee or representative of a Party from using general ideas, concepts or know-how relating to the Services or Materials that are retained solely in the unaided memory of such employee or representative after performing the obligations of a Party under this Agreement, except to the extent that such use infringes upon any patent, copyright or other intellectual property right of a Party or its Subsidiaries; provided, however, that this Section shall not be deemed to limit either Party's obligations under this Agreement with respect to the disclosure or use of confidential information or Materials of the other Party. An individual's memory is unaided if the individual has not intentionally memorized the confidential information or subject Materials for the purpose of retaining and subsequently using or disclosing it.

(d) Required Consents. Each Party shall use commercially reasonable efforts to obtain all Consents necessary in connection with (i) in the case of Abbott, all Abbott Owned Materials, and (ii) in the case of AbbVie, all AbbVie Owned Materials. Each of the Parties will reasonably cooperate with the other in obtaining such Consents.

ARTICLE IV.

BILLING; TAXES.

Section 4.01 Procedure. Each Work Plan shall set forth (a) the types of, (b) where possible, an estimate of, and (c) an allocation of, the Charges that each Party will be financially responsible for in connection with the Services and the Materials to be developed, procured or provided pursuant to a Work Plan. Where Charges are to be paid to a Third Party for Services or Materials under a Work Plan, the Party listed as the responsible Party under the Work Plan shall pay such Charges directly to the Third Party. Where Charges are to be paid to the other Party, the Party who is entitled to reimbursement for Services or other Charges pursuant to a Work Plan shall issue an invoice detailing such charges to the other Party. Amounts payable pursuant to the terms of this Agreement shall be paid to the invoicing Party on a monthly basis, which amounts shall be due within thirty (30) days after the date of invoice. All amounts due and payable hereunder shall be invoiced and paid in U.S. dollars.

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Section 4.02 Late Payments. Charges not paid when due pursuant to this Agreement shall bear interest at a rate per annum equal to the Prime Rate plus two percent (2%), or the maximum legal rate whichever is lower.

Section 4.03 Taxes. The Party invoiced for Charges under a particular Work Plan shall be responsible for and pay any and all Taxes incurred in connection with the Services under that Work Plan, including all sales, use, value-added and similar Taxes, but excluding Taxes based on the other Party's net income and non-income Taxes imposed on the other Party for goods or services used or consumed in providing the services. Notwithstanding anything to the contrary in the previous sentence or elsewhere in this Agreement, the Recipient shall be entitled to withhold from any payments to the Provider any such Taxes that Recipient is required by Law to withhold and shall pay such Taxes to the applicable Tax Authority.

Section 4.04 No Set-Off. Except as mutually agreed to in writing by Abbott and AbbVie, no Party or any of its Subsidiaries shall have any right of set off or other similar rights with respect to (a) any amounts received pursuant to this Agreement or (b) any other amounts claimed to be owed to the other Party or any of its Subsidiaries arising out of this Agreement.

ARTICLE V.

TERM; TERMINATION OF WORK PLANS; TRANSFER ASSISTANCE.

Section 5.01 Term. This Agreement will expire two (2) years after the Effective Time (the "Expiration Date"). In the event that, despite commercially reasonable efforts by both Parties, there are uncompleted Work Plans at the Expiration Date, the Party receiving Services pursuant to the uncompleted Work Plan (the "Recipient") may elect to extend the term of this Agreement one time with respect to a

Group A Work Plan or Group B Work Plan (any such extension, a "Service Extension") by notifying the Party providing Services (the "Provider") no later than three (3) months prior to the Expiration Date. The term of this Agreement may only be extended with respect to an uncompleted Group C Work Plan by mutual agreement.

(a) If the requested Service Extension is for a period of twelve (12) months or less past the Expiration Date and the applicable services are not set forth in a Group C Work Plan, then the Provider shall be obligated to provide such requested Service Extension and the Parties shall in good faith (i) negotiate the terms of an amendment to the applicable Work Plan, which amendment shall be consistent with the terms of the applicable Service, and (ii) determine the costs and expenses (which shall not include any Charges payable under this Agreement), if any, that would be incurred by the Provider or the Recipient, as the case may be, in connection with the provision of such Service Extension, which costs and expenses shall be determined pursuant to Section 2.04(a), except that all references to "Service" therein shall refer to the Service Extension.

(b) If the requested Service Extension is for a period of longer than twelve (12) months past the Expiration Date or the applicable services are set forth in a Group C Work Plan, then the Parties shall determine whether the Provider shall provide the applicable Service for the requested Service Extension period. If the Parties determine that the Provider shall provide such Service during the requested Service Extension period, then the Parties shall in

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good faith (i) negotiate the terms of an amendment to the applicable Work Plan, which amendment shall be consistent with the terms of the applicable Service and promptly provide a copy thereof to the Parties, and (ii) determine the costs and expenses (which shall not include any Charges payable under this Agreement), if any, that would be incurred by the Provider or the Recipient, as the case may be, in connection with the provision of such Service Extension, which costs and expenses shall be determined pursuant to Section 2.04(a). Each amended Work Plan, as agreed to in writing by the Parties, shall be deemed part of this Agreement as of the date of such amendment and any Services provided pursuant to such Service Extensions shall be deemed "Services" provided under this Agreement, in each case subject to the terms and conditions of this Agreement. The Parties acknowledge and agree that (A) there may be interdependencies among the Services being provided under this Agreement, (B) the ability to extend the provision of a particular Service in accordance with this Agreement may be dependent on the extension of another Service, (C) upon the request of either Party, the Parties shall determine whether any such interdependencies exist with respect to the particular Service that the Recipient is seeking to extend in accordance with this Section 5.01 and (D) to the extent the Parties have determined that such interdependencies exist, the Parties shall negotiate in good faith to amend the applicable Work Plan relating to such other Service, which amendment shall be consistent with the terms of comparable Services.

(c) No later than three (3) months prior to the Expiration Date, the Parties shall meet and confer to discuss the status of all uncompleted Work Plans and, where feasible, develop a plan to complete such Work Plans on or before the Expiration Date.

Section 5.02 Termination of Work Plans.

(a) Termination for Convenience. Upon receipt by the Provider of at least ninety (90) days' prior written notice, the Recipient under a Group A Work Plan or Group B Work Plan may terminate such Work Plan without the consent of the Provider; provided that (i) the Recipient shall be solely responsible for completing such Work Plan during the term of this Agreement, (ii) upon receipt of such notice, the Provider shall be released from all responsibility in connection with the terminated Work Plan, except as provided in Section 5.02(b), and (iii) the Recipient shall reimburse the Provider for any incremental costs or fees actually incurred by the non-terminating Party as a result of such early termination (e.g., fixed charges that are not cancellable without a charge or fee and which would have been offset by payment to the Provider of Charges set forth in the terminated Work Plan).

(b) Transfer Assistance. Upon receipt of a notice to terminate a Work Plan pursuant to Section 5.02(a), each Party shall provide to the other Party such assistance as is reasonably necessary to permit the orderly transfer of the Services to be performed under such Work Plan to the terminating Party, including providing reasonable access to any facilities, systems, data equipment and/or software being used by the other Party to provide the Services under the terminated Work Plan; provided that the terminating Party shall comply with the other Party's security and confidentiality requirements in connection with such access.

(c) Termination of Group C Work Plans. A Party may terminate a Group C Work Plan only with the prior written consent of the other Party.

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Section 5.03 Post-Termination Services. No later than nine (9) months after the Effective Time, the Parties shall discuss in good faith the possibility of AbbVie receiving from Abbott, following termination of the TSA and expiration of this Agreement, information technology services of a type and nature to be discussed. Neither party shall have any obligation to agree to any such services.

ARTICLE VI.

CONFIDENTIALITY; PROTECTIVE ARRANGEMENTS.

Section 6.01 Confidentiality Obligations. Subject to Section 6.03 and except as contemplated by or otherwise provided in this Agreement, Abbott, on behalf of itself and each of the Abbott Subsidiaries, and AbbVie, on behalf of itself and each of the AbbVie Subsidiaries, agrees to hold, and to cause its respective directors, officers, employees, agents, accountants, counsel and other advisors and representatives (each, a "Representative") to hold, in strict confidence, with at least the same degree of care that applies to Abbott's confidential and proprietary information pursuant to policies in effect as of the date hereof, all confidential and proprietary information and Materials concerning the other Party (or its business) and the other Party's Subsidiaries (or their respective businesses) that is either in its possession (including confidential and proprietary information and Materials in its possession prior to the date hereof) or furnished by the other Party or the other Party's Subsidiaries or their respective Representatives at any time pursuant to this Agreement, and shall not use any such confidential and proprietary information or Materials other than for such purposes as may be expressly permitted hereunder or thereunder, except, in each case, to the extent that such confidential and proprietary information or Materials has been: (a) in the public domain or generally available to the public, other than as a result of a disclosure by such Party or any of its Subsidiaries or any of their respective Representatives in violation of this Agreement; (b) later lawfully acquired from other sources by such Party or any of its Subsidiaries, which sources are not themselves bound by a confidentiality obligation or other contractual, legal or fiduciary obligation of confidentiality with respect to such confidential and proprietary information or Materials; or (c) independently developed or generated without reference to or use of the respective proprietary or confidential information or Materials of the other Party or any of its Subsidiaries. If any confidential and proprietary information or Materials of one Party or any of its Subsidiaries is disclosed to another Party or any of its Subsidiaries in connection with providing services to such first Party or any of its Subsidiaries under this Agreement, then such disclosed confidential and proprietary information and Materials shall be used only as required to perform such services.

Section 6.02 No Release, Return or Destruction. Each Party agrees not to release or disclose, or permit to be released or disclosed, any such information or Materials to any other Person, except its Representatives who need to know such information or Materials, and except in compliance with Section 6.03. Information or Materials furnished by the other Party after the Effective Time pursuant to this Agreement shall be subject to the provisions of Section 6.03 of the Separation and Distribution Agreement.

Section 6.03 Third-Party Information; Privacy or Data Protection Laws. Each Party acknowledges that it and its respective Subsidiaries may presently have and, following the Effective Time, may gain access to or possession of confidential or proprietary information of, or personal

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information relating to, Third Parties (a) that was received under confidentiality or non-disclosure agreements entered into between such Third Parties, on the one hand, and the other Party or the other Party's Subsidiaries, on the other hand, prior to the date hereof; or (b) that as between the two Parties, was originally collected by the other Party or the other Party's Subsidiaries and that may be subject to and protected by privacy, data protection or other applicable laws. As may be provided in more detail in this Agreement, each Party agrees that it shall hold, protect and use, and shall cause its Subsidiaries and its and their respective Representatives to hold, protect and use, in strict confidence the confidential and proprietary information of, or personal information relating to, Third Parties in accordance with privacy, data protection or other applicable laws and the terms of any agreements that were either entered into before the date hereof or affirmative commitments or representations that were made before the date hereof by, between or among the other Party or the other Party's Subsidiaries, on the one hand, and such Third Parties, on the other hand.

Section 6.04 Protective Arrangements. In the event that either Party or any of its Subsidiaries is requested or required (by oral question, interrogatories, requests for information or documents, subpoena, civil investigative demand or similar process) by any Governmental Authority or pursuant to applicable Law to disclose or provide any confidential or proprietary information or Materials of the other Party, as applicable, that is subject to the confidentiality provisions hereof, such Party shall provide the other Party with notice of such request or demand as promptly as practicable under the circumstances so that such other Party shall have an opportunity to seek an appropriate protective order, at such other Party's own cost and expense. In the event that such other Party fails to receive such appropriate protective order in a timely manner and the Party receiving the request or demand reasonably determines that its failure to disclose or provide such information shall actually prejudice the Party receiving the request or demand, then the Party that received such request or demand may thereafter disclose or provide information to the extent required by such law (as so advised by counsel) or by lawful process or such Governmental Authority.

ARTICLE VII.

MISCELLANEOUS.

Section 7.01 Mutual Cooperation. The Parties and their respective Subsidiaries shall cooperate with each other in connection with the performance of the Services hereunder and the completion of the Separation Projects, including producing on a timely basis all information and Materials that are reasonably requested with respect to the performance of Services and the completion of the Separation Projects, by the end of the term of this Agreement; provided, however, that such cooperation shall not unreasonably disrupt the normal operations of the Parties and their respective Subsidiaries; and, provided, further, that this Section 7.01 shall not require either Party to incur any out-of-pocket costs or expenses unless and except as expressly provided in this Agreement or otherwise agreed to in writing by the Parties.

- (a) THE LIABILITIES OF EACH PARTY AND ITS SUBSIDIARIES AND THEIR RESPECTIVE REPRESENTATIVES, COLLECTIVELY, UNDER THIS

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AGREEMENT FOR ANY ACT OR FAILURE TO ACT IN CONNECTION HEREWITH (INCLUDING THE PERFORMANCE OR BREACH OF THIS AGREEMENT), OR FROM THE SALE, DELIVERY, PROVISION OR USE OF ANY SERVICES PROVIDED UNDER OR CONTEMPLATED BY THIS AGREEMENT, WHETHER IN CONTRACT, TORT (INCLUDING NEGLIGENCE AND STRICT LIABILITY) OR OTHERWISE, SHALL NOT EXCEED SUCH PARTY'S PROFITS FOR PERFORMING SERVICES HEREUNDER, WHICH SHALL BE DEEMED TO BE EQUAL TO THE AMOUNT OF THE MARK-UP RECEIVED BY SUCH PARTY DURING THE PREVIOUS TWELVE (12) MONTH PERIOD.

(b) IN NO EVENT SHALL EITHER PARTY, ITS SUBSIDIARIES OR ITS REPRESENTATIVES BE LIABLE TO THE OTHER PARTY FOR INDIRECT, EXEMPLARY, INCIDENTAL, CONSEQUENTIAL OR PUNITIVE DAMAGES IN CONNECTION WITH THE PERFORMANCE OF THIS AGREEMENT, EVEN IF THE PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, AND EACH PARTY HEREBY WAIVES ON BEHALF OF ITSELF AND ITS SUBSIDIARIES ANY CLAIM FOR SUCH DAMAGES, INCLUDING ANY CLAIM FOR PROPERTY DAMAGE OR LOST PROFITS, WHETHER ARISING IN CONTRACT, TORT OR OTHERWISE.

(c) The foregoing limitations on Liability in this Section 7.02 shall not apply (i) to either Party's Liability for breaches of confidentiality under ARTICLE VI (Confidentiality) or (ii) in respect of any Liability arising out of or in connection with the gross negligence, willful misconduct, or fraud of or by the Party to be charged.

Section 7.03 Indemnification Procedures. The provisions of Article IV of the Separation and Distribution Agreement shall govern claims for indemnification under this Agreement; provided that, for purposes of this Section 7.03, in the event of any conflict between the provisions of Article IV of the Separation and Distribution Agreement and this ARTICLE VII, the provisions of this Agreement shall control.

Section 7.04 Force Majeure. Neither Party shall be deemed in default of this Agreement for failure to fulfill any obligation so long as and to the extent to which any delay or failure in the fulfillment of such obligations is prevented, frustrated, hindered or delayed as a consequence of circumstances of Force Majeure. In the event of any such excused delay, the time for performance shall be extended for a period equal to the time lost by reason of the delay. A Party claiming the benefit of this provision shall, as soon as reasonably practicable after the occurrence of any such event, (a) provide Notice to the other Party of the nature and extent of any such Force Majeure condition; and (b) use commercially reasonable efforts to remove any such causes and resume performance under this Agreement as soon as reasonably practicable.

Section 7.05 Acceptance. Acceptance shall occur when the Services and Materials described in the Work Plan meet the agreed upon acceptance criteria as described in the Work Plan. If the Services and Materials do not meet the acceptance criteria as set forth in the Work Plan when they are ready for acceptance evaluation, a Party may give the other Party detailed written notification of the deficiency or non-conformance within thirty (30) business days of delivery of the Services or Materials. The providing Party then shall either correct the deficiency or

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non-conformance or provide a plan acceptable for correcting the deficiency or non-conformance. If the deficiency or non-conformance is not corrected or if an acceptable plan for correcting such deficiency or non-conformance is not established during such period, then the aggrieved Party shall follow the procedures for dispute resolution set forth in Section 7.14.

Section 7.06 Audit Assistance. Each of the Parties and their respective Subsidiaries are or may be subject to regulation and audit by a Governmental Authority, standards organizations, customers or other parties to contracts with such Parties or their respective Subsidiaries under applicable law, standards or contract provisions. If a Governmental Authority, standards organization, customer or other party to a contract with a Party or its Subsidiary exercises its right to examine or audit such Party's or its Subsidiary's books, records, documents or accounting practices and procedures pursuant to such applicable law, standards or contract provisions, and such examination or audit relates to the Services, then the other Party shall provide, at the sole cost and expense of the requesting Party, all assistance reasonably requested by the Party that is subject to the examination or audit in responding to such examination or audits or requests for information, to the extent that such assistance or information is within the reasonable control of the cooperating Party and is related to the Services

Section 7.07 Survival of Covenants. Except as expressly set forth in this Agreement, the covenants and other agreements contained in this Agreement, and Liability for the breach of any obligations contained herein, shall survive the date hereof and shall remain in full force and effect thereafter.

Section 7.08 Title to Intellectual Property. Except as expressly provided for under the terms of this Agreement, each Party acknowledges that it shall acquire no right, title or interest (including any license rights or rights of use) in any intellectual property which is owned or licensed by the other Party, by reason of the provision of the Services provided hereunder. No Party shall remove or alter any copyright, trademark, confidentiality or other proprietary notices that appear on any intellectual property owned or licensed by the other Party, and it shall reproduce any such notices on any and all copies thereof. No Party shall attempt to decompile, translate, reverse engineer or make excessive copies of any intellectual property owned or licensed by the other Party, and it shall promptly notify such other Party of any such attempt, regardless of whether by it or any Third Party, of which it becomes aware.

Section 7.09 Subsidiaries. Abbott shall cause to be performed, and hereby guarantees the performance of, all actions, agreements and obligations set forth herein to be performed by a Subsidiary of Abbott, and AbbVie shall cause to be performed, and hereby guarantees the performance of, all actions, agreements and obligations set forth herein to be performed by a Subsidiary of AbbVie.

Section 7.10 Headings. The Section and Paragraph headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

Section 7.11 Independent Contractors. The Parties each acknowledge that they are separate entities, each of which has entered into this Agreement for independent business reasons.

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The relationships of the Parties hereunder are those of independent contractors and nothing contained herein shall be deemed to create a joint venture, partnership or any other relationship.

Section 7.12 No Third Party Beneficiaries. The provisions of this Agreement are solely for the benefit of the Parties and their Subsidiaries and are not intended to confer upon any Person except the Parties any rights or remedies hereunder; and there are no Third Party beneficiaries of this Agreement and this Agreement shall not provide any other Third Party with any remedy, claim, Liability, reimbursement, claim of action or other right in excess of those existing without reference to this Agreement.

Section 7.13 Governing Law. This Agreement shall be governed by and construed and interpreted in accordance with the laws of the State of Delaware irrespective of the choice of laws principles of the State of Delaware, as to all matters, including matters of validity, construction, effect, enforceability, performance and remedies.

Section 7.14 Disputes; Equitable Relief.

(a) In the event of any dispute, controversy or claim arising out of or relating to the transactions contemplated by this Agreement, or the validity, interpretation, breach or termination of any provision of this Agreement, or calculation or allocation of the costs of any Service, including claims seeking redress or asserting rights under any law, such dispute, controversy or claim shall be resolved in accordance with the dispute resolution process referred to in Schedule 7.01 to the Separation and Distribution Agreement.

(b) Subject to the foregoing provisions of this Section 7.14, in the event of any actual or threatened default in, or breach of, any of the terms, conditions and provisions of this Agreement, the Party or Parties who are or are to be thereby aggrieved shall have the right to specific performance and injunctive or other equitable relief (on an interim or permanent basis) of its rights under this Agreement, in addition to any and all other rights and remedies at law or in equity, and all such rights and remedies shall be cumulative. The Parties agree that the remedies at law for any breach or threatened breach, including monetary damages, may be inadequate compensation for any loss and that any defense in any Proceeding for specific performance that a remedy at Law would be adequate is waived.

Section 7.15 Interpretation. Words in the singular shall be deemed to include the plural and vice versa and words of one gender shall be deemed to include the other genders as the context requires. The terms "hereof," "herein," and "herewith" and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement as a whole (including all of the Schedules hereto) and not to any particular provision of this Agreement. Section and Schedule references are to the Sections and Schedules to this Agreement unless otherwise specified. Unless otherwise stated, all references to any agreement shall be deemed to include the exhibits, schedules and annexes to such agreement. The word "including" and words of similar import when used in this Agreement shall mean "including, without limitation," unless the context otherwise requires or unless otherwise specified. The word "or" shall not be exclusive. Unless otherwise specified in a particular case, the word "days" refers to calendar days. References herein to this Agreement or any Ancillary Agreement shall be deemed to refer to this Agreement or

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such Ancillary Agreement as of the date such agreement is executed and as it may be amended thereafter, unless otherwise specified.

Section 7.16 Survival. ARTICLE I (Definitions), Section 2.02 (Transition Services Agreements and Conflicts), Section 2.03(c) (Performance of Services), Section 2.04 (Charges), ARTICLE IV (Billing; Taxes), ARTICLE VI (Confidentiality), Section 7.02 (Limitations on Liability), Section 7.06 (Audit Assistance), and Section 7.12 (No Third Party Beneficiaries) through Section 7.28 (Mutual Drafting) shall survive any expiration or termination of this Agreement.

Section 7.17 Assignment. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns. This agreement shall not be assigned without the prior written consent of Abbott and AbbVie, except that:

(a) each Party may assign all of its rights and obligations under this Agreement to any of its Subsidiaries; provided, however, that no such assignment shall release the assigning Party from any Liability under this Agreement; and

(b) in connection with (i) either Party's divestiture of all or substantially all of its assets to a Third Party or (ii) a Change of Control of either Party, such Party, as applicable, may assign to such Third Party its rights and obligations under this Agreement; provided, however, that (A) no such assignment shall release the assigning Party from any Liability under this Agreement, (B) any and all costs and expenses incurred by either Party in connection with such assignment (including in connection with clause (C) of this proviso) shall be borne solely by the assigning Party, and (C) the Parties shall in good faith negotiate any amendments to this Agreement, including the Schedules to this Agreement, that may be reasonably necessary or appropriate in order to assign such Services.

Section 7.18 Amendment. No provisions of this Agreement shall be deemed amended, supplemented or modified unless such amendment, supplement or modification is in writing and signed by an authorized representative of both Parties or, in the case of an amendment, supplement or modification (including an early termination) of a Work Plan, signed by the contact listed, or by an authorized representative of the functional area indicated, on the applicable Work Plan. No provisions of this Agreement shall be deemed waived unless such waiver is in writing and signed by the authorized representative of the Party or relevant Subsidiary against whom it is sought to be enforced or, in the case of a waiver of a provision in a Work Plan, signed by the contact listed, or by an authorized representative of the functional area indicated, on the applicable Work Plan, or by such contact's senior management.

Section 7.19 Waivers of Default. Waiver by either Party of any default by the other Party of any provision of this Agreement shall not be deemed a waiver by the waiving Party of any subsequent or other default, nor shall it prejudice the rights of the waiving Party.

Section 7.20 Notices. All notices or other communications under this Agreement shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by overnight courier service or by facsimile with receipt confirmed (followed by delivery of an original via overnight courier service) or by registered or

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certified mail (postage prepaid, return receipt requested) to the respective Parties at the following addresses (or at such other address for a Party as shall be specified in a notice):

If to Abbott:

Abbott Laboratories  
100 Abbott Park Road  
Building AP6D, Dept. 364  
Abbott Park, Illinois 60064-6020  
Attn: Vice President, Information Technology  
Facsimile: (847) 935-3253

With a copy to:

Abbott Laboratories  
100 Abbott Park Road  
Building AP6D, Dept. 364  
Abbott Park, Illinois 60064-6020  
Attn: General Counsel  
Facsimile: (847) 935-3294

If to AbbVie:

AbbVie Inc.  
1 North Waukegan Road  
North Chicago, Illinois 60064  
Attn: Vice President, Information Technology  
Facsimile: (847) 938-8810

With a copy to:

AbbVie Inc.  
1 North Waukegan Road  
North Chicago, Illinois 60064  
Attn: General Counsel  
Facsimile: (847) 936-0410

Either Party may, by notice to the other Party, change the address to which such Notices are to be given.

Section 7.21 Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement.

Section 7.22 Entire Agreement. This Agreement and the Exhibits and Schedules hereto contain the entire agreement and understanding between the Parties with respect to the subject matter hereof and supersede all previous agreements, negotiations, discussions, writings, understandings, commitments and conversations with respect to such subject matter and there are no agreements or understandings between the Parties other than those set forth or referred to herein

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or therein. Notwithstanding any other provisions in this Agreement to the contrary, in the event and to the extent that there is a conflict between the provisions of this Agreement and the provisions of the Separation and Distribution Agreement, the provisions of this Agreement shall control with respect to the subject matter addressed in this Agreement.

Section 7.23 Corporate Power. Abbott represents on behalf of itself and, to the extent applicable, each Abbott Subsidiary, and AbbVie represents on behalf of itself and, to the extent applicable, each AbbVie Subsidiary as follows:

(a) each such Person has the requisite corporate or other power and authority and has taken all corporate or other action necessary in order to execute, deliver and perform this Agreement and to consummate the transactions contemplated hereby; and

(b) this Agreement has been duly executed and delivered by it and constitutes a valid and binding agreement of it enforceable in accordance with the terms hereof.

Section 7.24 Signatures and Delivery. Each of Abbott and AbbVie acknowledges that it may execute this Agreement by manual, stamp or mechanical signature, and that delivery of an executed counterpart of a signature page to this Agreement (whether executed by manual, stamp or mechanical signature) by facsimile or by email in portable document format (PDF) shall be effective as delivery of such executed counterpart of this Agreement. Each of Abbott and AbbVie expressly adopts and confirms a stamp or mechanical signature (regardless of whether delivered in person, by mail, by courier, by facsimile or by email in portable document format (PDF)) made in its respective name as if it were a manual signature delivered in person, agrees that it shall not assert that any such signature or delivery is not adequate to bind it to the same extent as if it were signed manually and delivered in person and agrees that, at the reasonable request of the other Party at any time, it shall as promptly as reasonably practicable cause this Agreement to be manually executed (any such execution to be as of the date of the initial date hereof) and delivered in person, by mail or by courier.

Section 7.25 Severability. In the event that any one or more of the terms or provisions of this Agreement or the application thereof to any Person or circumstance is determined by a court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Agreement or the application of such term or provision to Persons or circumstances or in jurisdictions other than those as to which it has been determined to be invalid, illegal or unenforceable, and the Parties shall use their commercially reasonable efforts to substitute one or more valid, legal and enforceable terms or provisions into this Agreement which, insofar as practicable, implement the purposes and intent of the Parties. Any term or provision of this

Agreement held invalid or unenforceable only in part, degree or within certain jurisdictions shall remain in full force and effect to the extent not held invalid or unenforceable to the extent consistent with the intent of the parties as reflected by this Agreement. To the extent permitted by applicable Law, each party waives any term or provision of Law which renders any term or provision of this Agreement to be invalid, illegal or unenforceable in any respect.

Section 7.26 **Further Assurances.** Each Party hereto shall take, or cause to be taken, any and all reasonable actions, including the execution, acknowledgment, filing and delivery of

any and all documents and instruments that any other Party hereto may reasonably request in order to effect the intent and purpose of this Agreement and the transactions contemplated hereby.

Section 7.27 **Public Announcements.** Except for the press releases and other public statements set forth in Schedule 9.16 to the Separation and Distribution Agreement, the Parties shall consult with each other before they or any of their Subsidiaries issue, and give each other the opportunity to review and comment upon, any press release or other public statements with respect to the transactions contemplated by this Agreement, and the Parties shall not, and shall cause their respective Subsidiaries not to, issue any such press release or make any such public statement prior to such consultation, except as may be required by applicable Law, court process or by obligations pursuant to any listing agreement with any national securities exchange or national securities quotation system.

Section 7.28 **Mutual Drafting.** This Agreement shall be deemed to be the joint work product of the Parties and any rule of construction that a document shall be interpreted or construed against a drafter of such document shall not be applicable.

\* \* \* \* \*

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first written above.

ABBOTT LABORATORIES

ABBVIE INC.

By: /s/ Thomas C. Freyman  
 Name: Thomas C. Freyman  
 Title: Executive Vice President, Finance  
 and Chief Financial Officer

By: /s/ Richard A. Gonzalez  
 Name: Richard A. Gonzalez  
 Title: Chairman of the Board and  
 Chief Executive Officer

[Signature Page to Information Technology Agreement]

**Schedule A**

IT Separation Project Plans

Separation Project	Anticipated Start Date	Anticipated Completion Date
Create AbbVie International Back Office.	Q1 2013	Q1 2015
Establish AbbVie global network infrastructure, including help desk, WAN, LAN, border, telecom, and network identify services.	Q1 2013	Q1 2015
Establish the U.S. ERP system.	Q1 2013	Q1 2014
Establish AbbVie collaboration environment, including email, calendaring, intranet portal, and collaboration tools.	Q1 2013	Q1 2015
Evaluate and change as required branding in all AbbVie in scope applications, systems, and documents.	Q1 2013	Q1 2015
Establish an AbbVie global data center structure.	Q1 2013	Q1 2015

**Schedule B**

Form of Work Plan (Project Initiation Document)

<b>Project Name:</b> _____	<b>Date:</b> _____
<b>Project ID:</b> _____	<b>Group:</b> A B C

Project Governance: <b>Abbvie Business Owner</b>	
_____	Date: _____
Name of Approver Title, Department	

Project Governance: <b>Abbott Business Owner</b>	
_____	Date: _____
Name of Approver Title, Department	

Project Governance: <b>Abbvie IT Function Lead</b>	
_____	Date: _____
Name of Approver Title, Department	

Project Governance: <b>Abbott IT Function Lead</b>	
_____	Date: _____
Name of Approver Title, Department	



Project Governance:  
Project Manager

\_\_\_\_\_  
Name of Approver  
Title, Department

Date: \_\_\_\_\_

Project Governance:  
PMO Transition Lead

(to be completed by Provider's Transition PMO)

\_\_\_\_\_  
Name of Approver  
Title, Department

Date: \_\_\_\_\_

**1. GROUP** (Circle the appropriate letter)

Group A means the TSA Service Recipient pays for the entire work plan except for any optimization, enhancement or upgrade the Service Provider makes in concert with the Work Plan for its own benefit/use (the "Provider Upgrade Charges"). Group B means the party requesting a new system or service will pay for the entire work plan subject to the Provider Upgrade Charges caveat of Group A. Group C items result in the two parties coming to mutual agreement on a cost sharing agreement.

**2. DESCRIPTION**

Describe the project.

**3. OBJECTIVES**

State project Objectives. Use business (rather than technical) terminology whenever possible. Example: "Consolidate International Sales each Month." Be as specific as possible.

**4. SCOPE**

Use this section to identify those areas, activities and systems that are in the scope of this project. Also identify activities and areas that are excluded from the project.

Examples: User demographics, internal and external Customers, Systems and/or processes that are impacted, Volume (i.e. transactions per period) metrics, Delphi, COP

**5. START/END DATES**

2

**6. DEPENDENCIES**

List related / dependent Dis-Synergies and Transition Service Agreements (TSA) below. Briefly describe the nature of the dependency/relationship.

Dependent / Related Projects

Project/TSA ID	Description
Newco###	
Newco###	
Newco###	

**7. ALTERNATIVES AND APPROACH**

Describe alternatives considered and the selected approach

**8. CHARGES**

Project Cost Component	Abbott or AbbVie Charge	Capital (in \$000s)	Expense (in \$000s)	Total (in \$000s)	Ongoing Cost

**9. TSA ADJUSTMENTS**

Identify TSA(s) that could be partially or fully terminated as a result of this Work Plan and the associated charges that would require adjustment.

TSA(s) ###	TSA Impact Description	Partial/Full	Charge Adjustment

**10. TRANSITION TO SUPPORT PLAN**

Include details on the planned support model at time of project completion.

3

**11. ACCEPTANCE CRITERIA**

Describe the acceptance criteria that will be used to evaluate the delivered service and when achieved will end this work plan.

**12. CHANGE HISTORY**

List the changes to this work plan.

Nbr	Approval Date	Change Description	Budget Impact	Schedule Impact





Project Portfolio Value/ Risk Evaluation

Value Score 0   Risk Score 0			
VALUE INPUT AREA		Strategic - Division	
Strategic - Functional Council		Operational	
Financial ROI	0	0	12.5%
Values Contribution %	25%	12.5%	12.5%
Customer	0	0	0
Values Contribution %	25%	25%	25%
<b>RISK INPUT AREA</b>			
Vendor		Novelty, New Technology	
Cost	0	0	0
Values Contribution %	10%	10%	10%
System Replacement		Business Process Change	
Values Contribution %	10%	10%	10%
Sponsorship		Technical Infrastructure	
Values Contribution %	10%	10%	10%
Gates Approach		Customer Facing	
Values Contribution %	10%	10%	10%

[Finished Return to Dashboard!](#)

Value Inputs - Do not Modify		Strategic - Functional Council		Strategic - Division	
Financial ROI	1 < 5%	1. Not Key to Business Strategy or IT Strategy	1	1. Not Key to Business Strategy or IT Strategy	1
	2 5% - 10%	2. Not Key to Business Strategy, aligns to IT Strategy		2. Not Key to Business Strategy, aligns to IT Strategy	
	3 10% - 15%	3. Key to Business Strategy, not aligned to IT Strategy		3. Key to Business Strategy, not aligned to IT Strategy	
	4 15% - 20%	4. Key to Business Strategy, aligns with IT Strategy		4. Key to Business Strategy, aligns with IT Strategy	
	5 > 20%	5. Pivotal to Business Strategy, aligns with IT Strategy	1	5. Pivotal to Business Strategy, aligns with IT Strategy	1
Customer		Operational			
	1. Long term negative customer impact	1. Business process decreased, compliance improved or neutral			
	2. Short term negative customer impact, no impact long term	2. Business process neutral, compliance improved or neutral			
	3. No impact to customer short or long term	3. Business process slightly improved, compliance improved or neutral			
	4. No short term customer value, long term customer value	4. Business process and compliance improved			
	5. Immediate & long term customer value	5. Business process and compliance greatly improved	1		1
Risk Inputs - Do not Modify		Vendor		Novelty, New Technology	
	0 0 - \$3 MM	0. 0 or 1 vendors		0. Familiar technology	
	1 \$3 - 7 MM	1. 2 vendors		1. New technology to group, familiar to Division	
	2 \$7 - 15 MM	2. 3 vendors		2. New technology to Division, familiar to Abbott	
	3 \$15 - 30 MM	3. 4 vendors		3. New technology to Abbott, familiar to industry	
	4 \$30 - 70 MM	4. 5 vendors		4. New technology to industry, familiar to other industry	
	5 > \$70 MM	5. 6 or more vendors	1	5. New leading-edge technology, unused elsewhere	1
System Replacement		Business Process Change		Team Experience	
	0. Not displacing any existing system - all new design	0. No business process change or organizational impact		0. Experienced project and management team	
	1. Replacing bus system - well defined but few interfaces	1. Slight business process change and organizational impact		1. Experienced project team, inexperienced mgt team	
	2. Modifying/replacing business system - few interfaces	2. Medium business process change and organizational impact		2. Inexperienced project team, experienced mgt team	
	3. Non-replacing bus system - some undocumented interfaces	3. Major bus process change and single division organizational impact		3. Inexperienced project team, inexperienced mgt team	
	4. Non-replacing critical bus system with some interfaces	4. Major bus process change and multi-division organizational impact		4. Inexperienced project team, experienced mgt team	
	5. Non-replacing critical bus system with many interfaces	5. Major bus process change and across-Abbott organizational impact	1	5. Customer Facing	1
Sponsorship		Technical Infrastructure			

Value and Risk Assessment

0. Major program successful prior 2 years	0. No change technical infrastructure	0. No change to customer systems
1. Minor program successful prior 2 years	1. Small change technical infrastructure	3. Small change to customer systems
3. Minor program unsuccessful prior 2 years	2. Medium change to technical infrastructure	5. Large change to customer systems
5. Major program unsuccessful prior 2 years	3. Major change to technical infrastructure-single division	
	4. Major change to technical infrastructure-multi-division	
	5. Major change to technical infrastructure, Abbott wide	
<b>Gated Approach</b>		
0. Gated approach, more than 2 phases conducted		
1. Gated approach, Phase 0 conducted		
3. Gated approach, Phase 0 planned		
5. Non-gated approach		
	1	1

VALUE	0.0
RISK	0.0

**NOTE: Comment triangles are throughout the document to explain cell content and in some cases formulas calculations.**

Section	Field	Description	Required
	<b>Header Area</b>		
	Project Name:	Name of the project. Should match with the RCE Project Name, SoW, Budget Plan or Update Name and M.S Project plan name, if applicable.	X
	Functional Group:	Appropriate entries are AE, IE, IS, SBI, CHMS, CHAD, Corp, etc.	X
	Report Month:	Month being reported on.	X
	Report Date:	Date of report indicating currency of information. Should typically be the date the report is finalized for submission.	X
1	Prepared By:	Individual preparing the report - typically the Project Manager.	X
	Approved By:	This is typically the business program manager / sponsor or IT steward.	X
	Responsible IT Head:	Responsible member of Preston's direct staff.	X
	Performed Phase 0:	Select Yes or No. If No, explain why no Phase 0 was performed in the Project Description & Scope section.	X
	Performed RBP:	Did you complete a Risk Based Planning Session? Select Yes - Facilitated, Yes - Self-Facilitated, or No.	X
2	<b>Project Description &amp; Scope</b>	Highlight the purpose and objectives of the project and provide an overview of the scope (i.e., what's in and what's out). Should be brief, but clear enough for anyone to understand what the project is trying to accomplish. If you did not perform a Phase 0, please indicate why.	X
3	<b>RCE/Supplemental RCE in \$ Thousands</b>	Provide the appropriate history for either the SoW or RCE including the RCE #, date the SoW/RCE was finally approved as well as any Supplemental RCE requests. If not a capitalized project, provide the date on which the project's budget was approved. Enter the Forecasted Completion Date. If a project was rebaselined, please enter the date, approved by name, and add comments indicating what milestones were rebaselined. This comment will be retained. (Ex: Project milestones/spending was rebaselined, approved by Business Sponsor Name/Business Owner Name/etc. on MM/DD/YYYY)	X
4	<b>Project Governance</b>	List the individuals named to the identified roles per the approved Project Plan or Scope Statement. See Governance tab for more detailed descriptions and responsibilities.	X
5	<b>Key Project Milestones</b>	List only key project milestones as identified in the RCE or SoW and the approved Project Plan/schedule. The first milestone must be the Project Start Date, which is defined as the date when spending begins against an authorized project budget, RCE or SoW. The last milestone must be the Project Completion Date, which is defined as the date when the delivered solution has been formally accepted and all project work is complete.  Target column: enter key milestone completion dates as defined in either an approved RCE or SoW. These dates remain constant in the report and DO NOT change from one reporting period to another. If key milestone dates were not defined in the RCE or SoW, enter N/A.  Baseline column: enter key milestone completion dates defined in an approved baseline Plan, which should include the final approved project schedule. In most cases, these dates should match the dates identified in either the RCE or SoW. Since only high level milestone dates are typically identified in the RCE or SoW, enter additional key milestone dates identified in the approved project schedule. Baseline dates also remain constant in the report and DO NOT change from one reporting period to another.  LBE (Latest Best Estimate) column: enter estimated milestone completion dates in the LBE column ONLY if they are different from Actual column: enter actual milestone completion dates.  The Milestone Health indicator is determined by calculating the difference between Baseline and LBE/Actual durations. Use the S: G = OK, (0% over budget or 0% delay PTD or no functionality impacted) Y = Caution, (> 0% - 10% over budget PTD or 0-10% delay PTD or functionality delivery questionable) R = In Trouble, (>10% over budget PTD or >10% delay PTD or functionality will not be delivered) B = On Hold  To change the health indicator color, change the font color in the cell.	X
	<b>Project Spending \$ Thousands</b>		
	Authorization per approved RCE/Budget	Dollar amounts are to be entered in Thousands (i.e., \$100,000 would be entered as 100)	X
	Prior Years (A on chart)	RCE project - represents the authorized dollar amount funded - both capital & expense Non-RCE (Expense Only) projects - represents the total budget approved by the project sponsor Enter the total as well as the breakdown between Capital and Expense.	X
	Months (B on chart)	Enter the total project funding from all prior years for each row of information. The 12 calendar months have been displayed as J, F, M, A, M, J, J, A, S, O, N, and D. Enter your number in the current month. <b>NOTE:</b> the monthly numbers are <b>not</b> cumulative.	X
	Total Project Spending	Automatic calculation that represents the total of columns A (Prior Year), B (current-year), C (Future Years)	X

	RCE Expense Spending	Refer to the CFM & Local IT Project Initiation Best Practices documents for detailed information on what costs are Capital vs. Expense. Finance does not make the key decisions on what are capitalizable costs.	
	RCE Plan/Upd.	RCE Project - enter the Project Expense number that was approved in the RCE for each month. This number comes from the RCE cash flow section. Non-RCE (Expense Only) Project - this number is from the approved budget and comes from the MS Project timeline.	X
	Actual	RCE Project - enter the Project Expense number from finance for the specific month. Non-RCE (Expense Only) Project - only have expense entries. These numbers come from the MS Project timeline.	X
6	LBE	Latest Best Estimate: This is the dollar amount you believe the project will actually expend. The LBE for the reporting month must equal that month's Actual spend. If the amounts are different, the LBE cell will turn orange as a reminder for you to adjust. All future months should be adjusted accordingly.	X
	RCE Capital Spending	Refer to the CFM & Local IT Project Initiation Best Practices documents for detailed information on what costs are Capital vs. Expense. Finance does not make the key decisions on what are capitalizable costs.	X
	RCE Plan/Upd.	RCE Project - Enter the Project Capital number that was approved in the RCE for each month. This number comes from the RCE cash flow section. Non-RCE (Expense Only) Project - This section will contain all 0s.	X
	Actual	RCE Project - enter the Project Capital number from finance for the specific month. Non-RCE (Expense Only) Project - This section will contain all 0s.	X
	LBE	Latest Best Estimate: This is the dollar amount you believe the project will actually expend. The LBE for the reporting month must equal that month's Actual spend. If the amounts are different, the LBE cell will turn orange as a reminder for you to adjust. All future months should be adjusted accordingly.	X
	Total RCE Spending (Expense + Capital)	These amounts are automatically calculated from the Expense and Capital Spending rows above.	X
	Spending Notes	Explain the spending overages. Comments should be dated for clarity. Comments that pertain to previous months will be moved to a Spending Notes Comment. If spending is yellow or red copy and paste the spending notes to the Major Issues & Risks section.	
7	Investment Class	C= Compliance; FH= Financial-Hard Savings; FS= Financial-Soft Savings; M= Merger; NF= Non-Financial	X
8	Scope	E=Enterprise; S=Shared; D=Divisional	X
9	Category	RTB = Run the Business; GTB = Grow the Business; TTB = Transform the Business	X
10	Function	M = Manufacturing; F = Finance; Q = Quality & Regulatory; R = R&D; T = IT; H = HR; E = e_Business; P = Purchasing; C = Commercial; S = Service	X
11	Value/Risk Index	<b>Required for projects with total project spend &gt; \$2MM ONLY.</b> Insert Value from the Value/Risk assessment instrument (link can be found on Value word). Insert Risk score from the Value/Risk Assessment instrument (link can be found on Risk word). Once calculated at the beginning of a program these should not change unless scope has changed significantly.	
12	Health	Use Green, Yellow, Red, Blue indicators for both Project to Date & Total Project; Green = OK; ALL objectives will be met (schedule, budget, functionality); Yellow = Caution, Concerns over meeting objectives, one or more objectives may be missed; Red = In Trouble, one or more objectives have been or will be missed, Blue = On Hold, activity halted pending further investigation or approvals. For each indicator that is Red or Yellow, an explanation is needed in Major Issues & Risks box. The least favorable of Spend, Schedule, and Scope "To Date" and "Total" indicators are used to determine the respective Overall indicator color.	X
		<b>Comments</b> List, in bullet form, the top 3 - 5 items of progress for this reporting period. This should be beyond, or in addition to, the project milestones already being tracked as part of this report. This field is limited to 1000 characters.	
13	Accomplishments for Reporting Period	List, in bullet form, the high impact / high priority issues for the project (top 2-3, or more if appropriate). List, in bullet form, the high impact / high priority Risks (top 2-3, or more if appropriate) that pose a threat to the success of the project. This field is limited to 800 characters. Every Issue/Risk entered should have a corresponding Action entered. If there are no Issues/Risks, please enter "None at this time."	X
	Major Issues & Risks	List, in bullet form, a brief description of the action plan to resolve the each Issue & Risk. This field is limited to 800 characters. Every Issue/Risk entered should have a corresponding Action entered. If there are no Issues/Risks, please enter "None at this time."	X
	Actions	List, in bullet form, a brief description of the action plan to resolve the each Issue & Risk. This field is limited to 800 characters. Every Issue/Risk entered should have a corresponding Action entered. If there are no Issues/Risks, please enter "None at this time."	X

## Project Governance

<b>Business Sponsor</b>	<p>Ø <b>Owens delivery of business value.</b></p> <ul style="list-style-type: none"> <li>o Identifies initiatives.</li> <li>o Sponsors the initiative, secures funding and approval.</li> <li>o Develops business case.</li> <li>o Owns and manages the project across all divisions.</li> <li>o Identifies the ongoing business owner during or before the business case is developed.</li> </ul>
<b>Business Owner</b>	<p>Ø <b>Owens ongoing use and enhancement</b></p> <ul style="list-style-type: none"> <li>o Provides direction for lifecycle management.</li> <li>o Ensures integrity of the data and/or application.</li> <li>o Identifies required functionality.</li> <li>o Assesses Initiatives</li> </ul>
<b>IT Steward</b>	<p>Ø <b>Supports Business Owner and Portfolio Manager.</b></p> <ul style="list-style-type: none"> <li>o Partners with the Business Owner to manage the IT systems and data.</li> <li>o Administers assets, monitors the costs and operation of those assets.</li> <li>o Advises Business Owner of how to leverage and maintain assets.</li> <li>o Tracks initiatives and documents the Target State.</li> <li>o May include Technical Council to oversee the management of the Strategy and Architecture.</li> </ul>
<b>Portfolio Manager</b>	<p>Ø <b>Oversees function's business processes.</b></p> <ul style="list-style-type: none"> <li>o Often-Functional Council.</li> <li>o Cross Divisional – Typically the Chair of the functional council. (Example: in ADD/Al it may be a regional level to reflect multi-country.)</li> <li>o Provides feedback to the Business Owners and IT Stewards on the overall portfolio of applications.</li> <li>o Advocates planned retirement or replacement of old or non-standard solutions.</li> </ul>
<b>Program Manager</b>	<p>Ø <b>Manages all dimensions of program</b> (often multiple projects or phases).</p> <ul style="list-style-type: none"> <li>o Tracks and reports on delivery of enterprise initiatives.</li> <li>o Provides tools to evaluate and measure programs.</li> <li>o Accountable to Business Sponsor.</li> <li>o Facilitates initiative identification, business case development and scoring of enterprise initiatives.</li> </ul>
<b>IT Project Manager</b>	<p>Ø <b>Manages IT aspects of the project.</b></p> <ul style="list-style-type: none"> <li>o Manages the IT components of new projects.</li> <li>o Provides guidance to the Business Sponsor and Business Owner.</li> </ul>





# Monthly Project Status Report

Project Name:	Functional Group:	Report Period:	Report Date:
Prepared by:	Approved by:	Performed Phase 0:	Performed RBP:
<b>Project Description &amp; Scope</b>			
Work Plan #:			
Instructions: (Please delete)			
** Provide a brief description of the project including scope. If you did not perform a Phase 0, please indicate why.			

RCE/Supplemental RCE History in \$ Thousands	
RCE #:	Approval Date:
Authorized Expense =	Authorized Expense =
Supplemental RCEs:	Capital =
	Capital =
	Total =
	Total =
	Forecasted Completion Date:
	Forecasted Completion Date:

Project Spending in \$ Thousands													
		2012 (B)											
		2013											
		2014											
		2015											
		2016											
		2017											
		2018											
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Project Governance				
1. Project Engineer				
2. IT Project Manager				
Key Project Milestones				
Health	Target	Baseline	LBE	Actual
●				
●				
Comments				
Instructions: (Please delete)				
** List accomplishments for the current report period (1000 characters max)				

RCE Expense Spending	
RCE Plan/Upd	
Actual	
LBE*	
RCE Capital Spending	
RCE Plan/Upd	
Actual	
LBE*	
Total RCE Spending (Expense+Capital)	
RCE Plan/Upd	
Actual	
LBE*	
Spending Notes	
** Explain the spending overages.	

## TRANSITIONAL TRADEMARK LICENSE AGREEMENT

THIS TRANSITIONAL TRADEMARK LICENSE AGREEMENT, dated as of December 31, 2012, between ABBOTT LABORATORIES, an Illinois corporation ("Abbott"), and ABBVIE INC., a Delaware corporation ("AbbVie").

## R E C I T A L S:

WHEREAS, Abbott and AbbVie have entered into that certain Separation and Distribution Agreement (the "Separation Agreement") that, among other things, sets forth the terms and conditions pursuant to which the AbbVie Business is to be separated from the Abbott Business;

WHEREAS, Abbott or Abbott's Subsidiaries (hereinafter, "Abbott") are the owners of the trademarks set forth in Schedule A to this Agreement and all other trademarks incorporating the trademarks set forth in Schedule A, as well as any and all translations and transliterations of these trademarks (collectively, the "Abbott Trademarks");

WHEREAS, AbbVie and AbbVie Subsidiaries (hereinafter, "AbbVie") are the owners of the trademarks set forth in Schedule B to this Agreement and all other trademarks incorporating the trademarks set forth in Schedule B, as well as any and all translations and transliterations of these trademarks (collectively, the "AbbVie Trademarks"); and

WHEREAS, Abbott and AbbVie (each a "Party" and both, collectively, the "Parties") have entered into this Agreement setting out the terms and conditions upon which each shall be permitted to use the herein licensed trademarks of the other for a limited period of time after Separation.

NOW, THEREFORE, in consideration of the premises and mutual covenants, agreements and provisions herein contained, and intending to be legally bound, the Parties hereto agree as follows:

## 1. GRANT OF LICENSE

(a) Subject to and in accordance with the terms and conditions of this Agreement, Abbott hereby grants to AbbVie, and AbbVie hereby accepts, a non-exclusive, terminable, royalty-free and worldwide license to use the Abbott Trademarks solely in connection with AbbVie Business during the AbbVie Term (as defined herein).

(b) Subject to and in accordance with the terms and conditions of this Agreement, AbbVie hereby grants to Abbott, and Abbott hereby accepts, a non-exclusive, terminable, royalty-free and worldwide license to use the AbbVie Trademarks during the Abbott Term solely as required for Abbott to carry out the terms and provisions of the Ancillary Agreements wherein Abbott has agreed to provide commercial services on behalf of AbbVie following Separation.

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## 2. USE OF THE TRADEMARKS

(a) Subject to the terms and conditions of this Agreement, AbbVie may continue to use the Abbott Trademarks in the same presentation of the marks, and on the same types of materials, including, but not limited to, the products themselves, packaging, labeling and promotional materials (collectively, "Materials"), as it was using the Abbott Trademarks in connection with the AbbVie Business as of the Effective Time.

(b) Subject to the terms and conditions of this Agreement, Abbott shall use the AbbVie Trademarks in the manner and on the Materials as expressly authorized by AbbVie.

(c) Each Party agrees that the Materials bearing the other Party's trademarks shall be of a high standard of style, appearance and quality so as to protect and enhance the trademarks and the goodwill pertaining thereto.

(d) Each Party agrees that the manufacture, sale and distribution of the Materials bearing the other Party's trademarks, including the use of the trademarks in advertising and promotional materials, shall be in accordance with all applicable federal, state and local laws and regulations.

(e) Any use of the other Party's trademarks other than that authorized by owner of the trademarks pursuant to the terms and conditions of this Agreement is prohibited without the prior written approval of such trademark owner, not to be unreasonably withheld. Each Party acknowledges and agrees that it shall be bound by any restrictions placed upon such use, including restrictions respecting the usage of the trademarks and the quality of any Materials in connection with which the trademarks are to be used.

## 3. PROPRIETARY RIGHTS

(a) Each Party acknowledges and agrees that the other is the sole and exclusive owner of its trademarks. The Party granting the license herein shall retain all right, title and interest in and to the trademarks being licensed, including all trademark, service mark, copyright and other proprietary rights. Each Party acknowledges and agrees that any and all goodwill derived through its use of the trademarks licensed to it pursuant to the terms and conditions of this Agreement shall inure to the sole benefit of the licensing Party.

(b) Each Party agrees that it shall not, for any reason, whether during or after the termination of this Agreement, do or authorize another to do, any of the following with respect to the trademarks licensed herein: (i) represent to others in any manner that it owns or has any ownership rights in the other Party's trademarks; (ii) apply for federal, state, or national registration of the other Party's trademarks or any mark incorporating the other Party's trademarks; or (iii) impair, dispute or contest the validity of the other Party's right, title and interest in and to its trademarks or any goodwill associated therewith.

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(c) Only those rights specifically granted hereunder are granted to the licensee and all other rights in the licensed trademarks are expressly reserved by the Party granting the license herein.

## 4. ENFORCEMENT

Each Party agrees that it shall advise the other immediately if it becomes aware of any unauthorized third-party use of the trademarks being licensed to it herein. The Party receiving the license shall take no steps to contact any such third party without the licensing Party's prior written permission. The licensing Party shall have the sole discretion to determine whether and in what manner to respond to any such unauthorized third-party use and shall be exclusively entitled to any remedies, including but not limited to monetary damages. In the event that the licensing Party decides to initiate any claim against any third party, the Party receiving the license herein shall cooperate fully with the licensing Party at the licensing Party's expense.

## 5. TERM

(a) AbbVie's Use.

(i) The term of this Agreement for AbbVie's use of the Abbott Trademarks (the "AbbVie Term") shall be determined as follows:

(A) For uses of the Abbott Trademarks in electronic and printed materials other than product packaging and labeling, one (1) year from the Effective Time;

(B) For uses of the Abbott Trademarks on product packaging and labeling, but subject to (iii) below, two (2) years from the Effective Time;

(C) For uses of the Abbott Trademarks on the products themselves, including product packaging and labeling descriptions and depictions of the Abbott Trademarks appearing on the products themselves, five (5) years from the Effective Time.

(ii) For purposes of sub-section 5(a)(i), the Effective Time shall be the Effective Time, except in the case of a Deferred AbbVie Local Business, in which case the Effective Time shall be the date of the Deferred AbbVie Local Closing applicable to such Deferred AbbVie Local Business as set forth in Section 2.03 of the Separation Agreement. In cases where one or more Deferred AbbVie Local Businesses share product packaging and labeling with an AbbVie Subsidiary for which the Effective Time is the Effective Time, the Effective Time for purposes of sub-section 5(a)(i)(B) herein shall be, on a product by

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product basis, the date of the latest applicable Deferred AbbVie Local Closing.

(iii) AbbVie shall be entitled to use existing inventory of Materials bearing the Abbott Trademarks that were produced in the ordinary course of business prior to the conclusion of the AbbVie Term and shall not be required to recall or withdraw uses of the Abbott Trademarks from the market.

(b) Abbott's Use.

The term of this Agreement for Abbott's use of the AbbVie Trademarks (the "Abbott Term") shall be determined in accordance with the term of the relevant Ancillary Agreement(s) wherein Abbott has agreed to provide commercial services on behalf of AbbVie following Separation.

(c) In the event that AbbVie is unable to discontinue use of the Trademarks within the AbbVie Term, AbbVie shall request in writing from Abbott consent for an appropriate extension, such consent not to be unreasonably withheld.

6. TERMINATION

Notwithstanding anything to the contrary contained herein, the licensing Party herein shall have the right to immediately terminate this Agreement if the other Party materially breaches its obligations under Section 2(a)-(d) or 3(b) of this Agreement and fails to cure such breach within forty-five (45) days following receipt of written notice from the licensing Party, or such other reasonable period of time as agreed upon in writing by the Parties.

7. ASSIGNABILITY

(a) This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and assigns.

(b) Neither Party shall assign, subcontract, transfer, or otherwise dispose of its rights, duties or obligations under this Agreement without the prior written consent of the other Party, which may be granted or refused in the other Party's sole discretion, except that either Party may assign the Agreement in whole in connection with a sale of all or substantially all of the assets of the business to which this Agreement relates so long as the assignee assumes all the obligations of the assigning Party thereto by operation of law.

8. SUBSIDIARIES

Each Party shall cause to be performed, and hereby guarantees the performance of, all actions, agreements and obligations set forth herein to be performed by a Subsidiary.

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9. SURVIVAL OF COVENANTS

Except as expressly set forth in this Agreement, the covenants and other agreements contained in this Agreement, and liability for the breach of any obligations contained herein or therein, shall survive the term of this Agreement and shall remain in full force and effect thereafter.

10. AMENDMENTS

No provisions of this Agreement shall be deemed amended, supplemented or modified unless such amendment, supplement or modification is in writing and signed by an authorized representative of both Parties or their relevant Subsidiaries, as the case may be. No provisions of this Agreement shall be deemed waived unless such waiver is in writing and signed by the authorized representative of the Party or relevant Subsidiary against whom it is sought to be enforced.

11. MISCELLANEOUS

(a) Capitalized terms not defined herein shall be afforded the definition provided for such term in the Separation Agreement.

(b) This Agreement shall be governed by and construed and interpreted in accordance with the Laws of the State of Delaware, irrespective of the choice of Laws and principles of the State of Delaware, as to all matters, including matters of validity, construction, effect, enforceability, performance and remedies.

(c) This Agreement shall be deemed to be the joint work product of the Parties and any rule of construction that a document shall be interpreted or construed against a drafter of such document shall not be applicable.

(d) This Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof and supersedes all previous agreements, negotiations, discussions, writings, understandings, commitments and conversations with respect to such subject matter and there are no agreements or understandings between the Parties other than those set forth or referred to herein or therein.

(e) The failure of the Parties to insist, in any one or more instances, upon a strict performance of any of the provisions of this Agreement shall not be construed as a waiver of any of its rights hereunder, but the same shall continue in full force and effect. No waiver of any provision hereof shall be deemed to have been made unless expressed in writing and signed by the waiving Party.

(f) This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement.

\* \* \* \* \*

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IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives.

ABBOTT LABORATORIES

ABBVIE INC

By: /s/ Thomas C. Freyman  
Name: Thomas C. Freyman  
Title: Executive Vice President, Finance and Chief Financial Officer

By: /s/ Richard A. Gonzalez  
Name: Richard A. Gonzalez  
Title: Chairman of the Board and Chief Executive Officer

[Signature Page to Transitional Trademark License Agreement]

**SCHEDULE A**

**ABBOTT**

**A PROMISE FOR LIFE**



**SCHEDULE B**



INFORMATION STATEMENT

**AbbVie Inc.**

This information statement is being furnished in connection with the distribution by Abbott Laboratories (Abbott) to its shareholders of all of the outstanding shares of common stock of AbbVie Inc. (AbbVie), a wholly owned subsidiary of Abbott that will hold directly or indirectly the assets and liabilities associated with Abbott's research-based pharmaceuticals businesses. To implement the distribution, Abbott will distribute all of the shares of AbbVie common stock on a pro rata basis to the Abbott shareholders in a manner that is intended to be tax-free in the United States.

For every common share of Abbott held of record by you as of the close of business on December 12, 2012, the record date for the distribution, you will receive one share of AbbVie common stock. You will receive cash in lieu of any fractional shares of AbbVie common stock that you would have received after application of the above ratio. As discussed under "The Separation and Distribution—Trading Between the Record Date and Distribution Date," if you sell your Abbott common shares in the "regular-way" market after the record date and before the distribution, you also will be selling your right to receive shares of AbbVie common stock in connection with the separation. We expect the shares of AbbVie common stock to be distributed by Abbott Laboratories to you on January 1, 2013. We refer to the date of the distribution of the AbbVie common stock as the "distribution date."

No vote of Abbott shareholders is required for the distribution. Therefore, you are not being asked for a proxy, and you are requested not to send Abbott a proxy, in connection with the distribution. You do not need to pay any consideration, exchange or surrender your existing Abbott common shares or take any other action to receive your shares of AbbVie common stock.

There is no current trading market for AbbVie common stock, although we expect that a limited market, commonly known as a "when-issued" trading market, will develop on or shortly before the record date for the distribution, and we expect "regular-way" trading of AbbVie common stock to begin on the first trading day following the completion of the distribution. AbbVie has been authorized to have its common stock listed on the New York Stock Exchange (NYSE) under the symbol "ABBV."

**In reviewing this information statement, you should carefully consider the matters described under the caption "Risk Factors" beginning on page 17.**

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**Neither the U.S. Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities or determined if this information statement is truthful or complete. Any representation to the contrary is a criminal offense.**

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**This information statement does not constitute an offer to sell or the solicitation of an offer to buy any securities.**

The date of this information statement is December 10, 2012.

This information statement was first mailed to Abbott shareholders on or about December 12, 2012.

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### Presentation of Information

Except as otherwise indicated or unless the context otherwise requires, the information included in this information statement about AbbVie assumes the completion of all of the transactions referred to in this information statement in connection with the separation and distribution. Unless the context otherwise requires, references in this information statement to "AbbVie" and "the company" refer to AbbVie Inc., a Delaware corporation, and its combined subsidiaries. References to AbbVie's historical business and operations refer to the business and operations of Abbott's research-based pharmaceuticals products business that will be transferred to AbbVie in connection with the separation and distribution. References in this information statement to "Abbott" and "Abbott Laboratories" refer to Abbott Laboratories, an Illinois corporation, and its consolidated subsidiaries, unless the context otherwise requires.

### Trademarks, Trade Names and Service Marks

AbbVie owns or has rights to use the trademarks, service marks and trade names that it uses in conjunction with the operation of its business. Some of the more important trademarks that AbbVie owns or has rights to use that appear in this information statement include: Aluvia®, AndroGel®, Biacin®, Creon®, Duodopa®, HUMIRA®, Kaletra®, Lucrin®, Lupron®, Lupron Depot®, Niaspan®, Norvir®, Sevorane®, Simcor®, Synagis®, Synthroid®, TriCor®, Trilipix®, Ultane®, and Zemplar®, which may be registered or trademarked in the United States and other jurisdictions. AbbVie's rights to some of these trademarks may be limited to select markets. Each trademark, trade name or service mark of any other company appearing in this information statement is, to AbbVie's knowledge, owned by such other company.

## QUESTIONS AND ANSWERS ABOUT THE SEPARATION AND DISTRIBUTION

- What is AbbVie and why is Abbott separating AbbVie's business and distributing AbbVie's stock?** AbbVie Inc., which is currently a wholly owned subsidiary of Abbott, was formed to hold Abbott's research-based pharmaceuticals business. The separation of AbbVie from Abbott and the distribution of AbbVie common stock are intended to provide you with equity investments in two separate companies that will be able to focus on each of their respective businesses. Abbott and AbbVie expect that the separation will result in enhanced long-term performance of each business for the reasons discussed in the sections entitled "The Separation and Distribution—Background" and "The Separation and Distribution—Reasons for the Separation."
- Why am I receiving this document?** Abbott is delivering this document to you because you are a holder of Abbott common shares. If you are a holder of Abbott common shares as of the close of business on December 12, 2012, you are entitled to receive one share of AbbVie common stock for each Abbott common share that you held at the close of business on such date. This document will help you understand how the separation and distribution will affect your investment in Abbott and your investment in AbbVie after the separation.
- How will the separation of AbbVie from Abbott work?** To accomplish the separation, Abbott will distribute all of the outstanding shares of AbbVie common stock to Abbott shareholders on a pro rata basis as a distribution.
- Why is the separation of AbbVie structured as a distribution?** Abbott believes that a tax-free distribution of shares in the United States of AbbVie stock to the Abbott shareholders is an efficient way to separate its research-based pharmaceuticals business in a manner that will create long-term value for Abbott, AbbVie and their respective shareholders.
- What is the record date for the distribution?** The record date for the distribution will be December 12, 2012.
- When will the distribution occur?** It is expected that all of the shares of AbbVie common stock will be distributed by Abbott on January 1, 2013, to holders of record of Abbott common shares at the close of business on December 12, 2012, the record date.
- What do shareholders need to do to participate in the distribution?** **Shareholders of Abbott as of the record date will not be required to take any action to receive AbbVie common stock in the distribution, but you are urged to read this entire information statement carefully.** No shareholder approval of the distribution is required. **You are not being asked for a proxy.** You do not need to pay any consideration, exchange or surrender your existing Abbott common shares or take any other action to receive your shares of AbbVie common stock. **Please do not send in your Abbott stock certificates.** The distribution will not affect the number of outstanding Abbott shares or any rights of Abbott shareholders, although it will affect the market value of each outstanding Abbott common share.



You can request a certificate for all or a portion of your shares of AbbVie common stock by contacting Computershare Trust Company, N.A. by telephone at 877-881-5970, on the Internet at [www.computershare.com/investor](http://www.computershare.com/investor) or by sending a written request to Computershare, 250 Royall Street, Canton, MA 02021.

***How will shares of AbbVie common stock be issued?***

You will receive shares of AbbVie common stock through the same channels that you currently use to hold or trade Abbott common shares, whether through a brokerage account, 401(k) plan or other channel. Receipt of AbbVie shares will be documented for you in the same manner that you typically receive shareholder updates, such as monthly broker statements and 401(k) statements.

If you own Abbott common shares as of the close of business on the record date, including shares owned in certificate form, Abbott, with the assistance of Computershare Trust Company, N.A., the settlement and distribution agent, will electronically distribute shares of AbbVie common stock to you or to your brokerage firm on your behalf in book-entry form. Computershare Trust Company, N.A. will mail you a book-entry account statement that reflects your shares of AbbVie common stock, or your bank or brokerage firm will credit your account for the shares. If you own Abbott common shares through the Abbott Laboratories dividend reinvestment plan, the AbbVie shares you receive will be distributed to a new AbbVie dividend reinvestment plan account that will be created for you. Following the distribution, shareholders whose shares are held in book-entry form may request the delivery of physical stock certificates for their shares or that their shares of AbbVie common stock held in book-entry form be transferred to a brokerage or other account at any time, without charge.

***If I was enrolled in the Abbott Laboratories dividend reinvestment plan, will I automatically be enrolled in the AbbVie dividend reinvestment plan?***

Yes. If you elected to have your Abbott cash dividends applied toward the purchase of additional Abbott shares, the AbbVie shares you receive in the distribution will be *automatically* enrolled in the AbbVie dividend reinvestment plan sponsored by Computershare Trust Company, N.A. (AbbVie's transfer agent and registrar), unless you notify Computershare Trust Company, N.A. that you do not want to reinvest any AbbVie cash dividends in additional AbbVie shares. For contact information for Computershare Trust Company, N.A., see "Description of AbbVie's Capital Stock—Transfer Agent and Registrar."

***How many shares of AbbVie common stock will I receive in the distribution?***

Abbott will distribute to you one share of AbbVie common stock for each common share of Abbott held by you as of the record date. Based on approximately 1.58 billion Abbott common shares outstanding as of November 1, 2012, a total of approximately 1.58 billion shares of AbbVie common stock will be distributed. For additional information on the distribution, see "The Separation and Distribution."

***Will AbbVie issue fractional shares of its common stock in the distribution?***

No. AbbVie will not issue fractional shares of its common stock in the distribution. Fractional shares that Abbott shareholders would otherwise have been entitled to receive will be aggregated and sold in the public market by the distribution agent. The aggregate net cash proceeds of these sales will be distributed pro rata (based on the fractional share such holder would otherwise be entitled to receive) to those shareholders who would otherwise have been entitled to receive fractional shares. Recipients of cash in lieu of fractional shares will not be entitled to any interest on the amounts of payment made in lieu of fractional shares.

***What are the conditions to the distribution?***

The distribution is subject to a number of conditions, including, among others:

- the making of a \$10.2 billion cash distribution from AbbVie to Abbott prior to the distribution (in addition to the approximately \$3.0 billion in principal amount of certain senior notes issued by AbbVie to Abbott, which notes were thereafter immediately exchanged by Abbott with a third party for existing commercial paper of Abbott in satisfaction and discharge of such commercial paper), and the determination by Abbott in its sole discretion that following the separation it will have no further liability or obligation whatsoever under the credit facility or any of the other financing arrangements that AbbVie will be entering into in connection with the separation;
- the receipt of a private letter ruling from the Internal Revenue Service (IRS) to the effect that, among other things, the distribution will qualify 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 of 1986, as amended (the Code), and certain transactions related to the transfer of assets and liabilities to AbbVie in connection with the separation will not result in the recognition of any gain or loss to Abbott, AbbVie or their shareholders, and such private letter ruling shall not have been revoked or modified in any material respect;
- the receipt of an opinion from tax counsel to Abbott to the effect that the separation and distribution will qualify as a transaction that is described in Sections 355(a) and 368(a)(1)(D) of the Code;
- the receipt of an opinion from an independent appraisal firm to the board of directors of Abbott confirming the solvency and financial viability of Abbott before the distribution and each of Abbott and AbbVie after the distribution that is in form and substance acceptable to Abbott in its sole discretion;
- the U.S. Securities and Exchange Commission (SEC) declaring effective the registration statement of which this information statement forms a part, and the mailing of the information statement to Abbott shareholders;

- no order, injunction, or decree issued by any court of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the separation, distribution or any of the related transactions shall be in effect;
- the shares of AbbVie common stock to be distributed shall have been accepted for listing on the NYSE, subject to official notice of distribution; and
- no other event or development existing or having occurred that, in the judgment of Abbott's board of directors, in its sole discretion, makes it inadvisable to effect the separation, distribution and other related transactions.

Abbott and AbbVie cannot assure you that any or all of these conditions will be met. In addition, Abbott can decline at any time to go forward with the separation. For a complete discussion of all of the conditions to the distribution, see "The Separation and Distribution—Conditions to the Distribution."

***What is the expected date of completion of the separation?***

The completion and timing of the separation are dependent upon a number of conditions. It is expected that the shares of AbbVie common stock will be distributed by Abbott on January 1, 2013 to the holders of record of Abbott common shares at the close of business on the record date. However, no assurance can be provided as to the timing of the separation or that all conditions to the separation will be met.

***Can Abbott decide to cancel the distribution of AbbVie common stock even if all the conditions have been met?***

Yes. The distribution is subject to the satisfaction or waiver of certain conditions. See the section entitled "The Separation and Distribution—Conditions to the Distribution." Until the distribution has occurred, Abbott has the right to terminate the distribution, even if all of the conditions are satisfied.

***What if I want to sell my Abbott common stock or my AbbVie common stock?***

You should consult with your financial advisors, such as your stockbroker, bank or tax advisor.

***What is "regular-way" and "ex-distribution" trading of Abbott stock?***

Beginning on or shortly before the record date and continuing up to and through the distribution date, it is expected that there will be two markets in Abbott common shares: a "regular-way" market and an "ex-distribution" market. Abbott common shares that trade in the "regular-way" market will trade with an entitlement to shares of AbbVie common stock distributed pursuant to the distribution. Shares that trade in the "ex-distribution" market will trade without an entitlement to shares of AbbVie common stock distributed pursuant to the distribution.

If you decide to sell any Abbott common shares before the distribution date, you should make sure your stockbroker, bank or other nominee understands whether you want to sell your Abbott common shares with or without your entitlement to AbbVie common stock pursuant to the distribution.

***Where will I be able to trade shares of AbbVie common stock?***

AbbVie has been authorized to have its common stock listed on the NYSE under the symbol "ABBV." AbbVie anticipates that trading in shares of its common stock will begin on a "when-issued" basis on or shortly before the record date and will continue up to and through the distribution date and that "regular-way" trading in AbbVie common stock will begin on the first trading day following the completion of the separation. If trading begins on a "when-issued" basis, you may purchase or sell AbbVie common stock up to and through the distribution date, but your transaction will not settle until after the distribution date. AbbVie cannot predict the trading prices for its common stock before, on or after the distribution date. AbbVie also intends to list its common stock on the Chicago Stock Exchange, NYSE Euronext Paris, and the SIX Swiss Exchange.

***What will happen to the listing of Abbott common shares?***

Abbott common shares will continue to trade on the NYSE after the distribution.

***Will the number of Abbott common shares that I own change as a result of the distribution?***

No. The number of Abbott common shares that you own will not change as a result of the distribution.

***Will the distribution affect the market price of my Abbott shares?***

Yes. As a result of the distribution, Abbott expects the trading price of Abbott common shares immediately following the distribution to be lower than the "regular-way" trading price of such shares immediately prior to the distribution because the trading price will no longer reflect the value of the research-based pharmaceuticals business held by AbbVie. Abbott believes that over time following the separation, assuming the same market conditions and the realization of the expected benefits of the separation, the Abbott common shares and the AbbVie common stock should have a higher aggregate market value as compared to what the market value of Abbott common shares would be if the separation and distribution did not occur. There can be no assurance, however, that such a higher aggregate market value will be achieved. This means, for example, that the combined trading prices of one Abbott common share and one share of AbbVie common stock after the distribution may be equal to, greater than or less than the trading price of one Abbott common share before the distribution.

***What are the material U.S. federal income tax consequences of the contribution and the distribution?***

Abbott has received a private letter ruling from the IRS to the effect that, among other things, the separation and the distribution will qualify as a transaction that is tax-free for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Code. It is a condition to the completion of the distribution that such ruling shall not have been revoked or modified in any material respect. Abbott has also received an opinion from outside tax counsel to the effect that the separation and the distribution will qualify as a transaction that is described in Sections 355(a) and 368(a)(1)(D) of the Code. Under the private letter ruling from the IRS, the separation and the distribution will qualify as a reorganization for U.S. federal income tax purposes under Section 355 and Section 368(a)(1)(D) of the Code, and accordingly, no gain or loss will be recognized by Abbott in connection with the separation and distribution and, except with respect to cash received in lieu of a fractional share of AbbVie common stock, no gain or loss will be recognized by you, and no amount will be included in your income, upon the receipt of shares of AbbVie common stock in the distribution for U.S. federal income tax purposes. You will, however, recognize gain or loss for U.S. federal income tax purposes with respect to cash received in lieu of a fractional share of AbbVie common stock. For more information regarding the private letter ruling and the potential U.S. federal income tax consequences to Abbott and to you of the separation and the distribution, see the section entitled "Material U.S. Federal Income Tax Consequences."

***How will I determine my tax basis in the AbbVie shares I receive in the distribution?***

For U.S. federal income tax purposes, your aggregate basis in the common shares that you hold in Abbott and the new AbbVie common stock received in the distribution (including any fractional share interest in AbbVie common stock for which cash is received) will equal the aggregate basis in the Abbott common shares held by you immediately before the distribution, allocated between your Abbott common shares and the AbbVie common stock (including any fractional share interest in AbbVie common stock for which cash is received) you receive in the distribution in proportion to the relative fair market value of each on the distribution date.

You should consult your tax advisor about the particular consequences of the distribution to you, including the application of the tax basis allocation rules and the application of state, local and foreign tax laws.

***What will AbbVie's relationship be with Abbott following the separation?***

AbbVie has entered into a separation and distribution agreement with Abbott to effect the separation and provide a framework for AbbVie's relationship with Abbott after the separation and will enter into certain other agreements, such as a U.S. and an ex-U.S. transition services agreement, a tax sharing agreement, an employee matters agreement, a special products master agreement, an international commercial operations agreement, a Luxembourg international commercial operations agreement, an information technology agreement, finished goods supply agreements, contract manufacturing agreements, and a transitional trademark license agreement. These agreements will provide for the separation between AbbVie and Abbott of the assets, employees, liabilities and obligations (including its investments, property and employee benefits and tax-related assets and liabilities) of Abbott and its subsidiaries attributable to periods prior to, at and after AbbVie's separation from Abbott and will govern the relationship between AbbVie and Abbott subsequent to the completion of the separation. For additional information regarding the separation and distribution agreement and other transaction agreements, see the sections entitled "Risk Factors—Risks Related to the Separation" and "Certain Relationships and Related Person Transactions."

***Who will manage AbbVie after the separation?***

AbbVie benefits from having in place a management team with an extensive background in the research-based pharmaceuticals business. Led by Richard A. Gonzalez, who will be AbbVie's Chairman and Chief Executive Officer after the separation, AbbVie's management team possesses deep knowledge of, and extensive experience in, its industry. AbbVie's management team also includes Laura J. Schumacher, William J. Chase, Carlos Alban, John Leonard, M.D., Timothy J. Richmond, Azita Saleki-Gerhardt, and Thomas A. Hurwich, who have all held senior positions of responsibility at Abbott. For more information regarding AbbVie's management, see "Management."

***Are there risks associated with owning AbbVie common stock?***

Yes. Ownership of AbbVie common stock is subject to both general and specific risks relating to AbbVie's business, the industry in which it operates, its ongoing contractual relationships with Abbott and its status as a separate, publicly traded company. Ownership of AbbVie common stock is also subject to risks relating to the separation. These risks are described in the "Risk Factors" section of this information statement beginning on page 17. You are encouraged to read that section carefully.

***Does AbbVie plan to pay dividends?***

AbbVie currently expects that it will initially pay a regular cash dividend. However, the declaration and payment of any dividends in the future by AbbVie will be subject to the sole discretion of its board of directors and will depend upon many factors. See "Dividend Policy."

**Who will be the distribution agent, transfer agent, registrar and information agent for the AbbVie common stock?**

The distribution agent, transfer agent and registrar for the AbbVie common stock will be Computershare Trust Company, N.A. For questions relating to the transfer or mechanics of the stock distribution, you should contact:

Computershare  
250 Royall Street  
Canton, MA 02021  
877-881-5970

If your shares are held by a bank, broker or other nominee, you may call the information agent for the distribution, Georgeson Inc., toll free at 866-628-6023. Banks and brokers should call 212-440-9800.

**Where can I find more information about Abbott and AbbVie?**

Before the distribution, if you have any questions relating to Abbott's business performance, you should contact:

Abbott Laboratories  
Investor Relations  
100 Abbott Park Road  
Abbott Park, Illinois 60064-6400  
Tel: 847-937-6100  
[www.abbottinvestor.com](http://www.abbottinvestor.com)

After the distribution, AbbVie stockholders who have any questions relating to AbbVie's business performance should contact AbbVie at:

AbbVie Inc.  
Investor Relations  
1 North Waukegan Road  
North Chicago, Illinois 60064  
Tel: 847-932-7900  
[www.abbvieinvestor.com](http://www.abbvieinvestor.com)

The AbbVie investor Web site will be operational as of January 1, 2013.

## INFORMATION STATEMENT SUMMARY

*The following is a summary of material information discussed in this information statement. This summary may not contain all the details concerning the separation or other information that may be important to you. To better understand the separation and AbbVie's business and financial position, you should carefully review this entire information statement. Except as otherwise indicated or unless the context otherwise requires, the information included in this information statement assumes the completion of all the transactions referred to in this information statement in connection with the separation and distribution. Unless the context otherwise requires, references in this information statement to "AbbVie" and "the company" refer to AbbVie Inc. and its combined subsidiaries. References in this information statement to "Abbott" and "Abbott Laboratories" refer to Abbott Laboratories, an Illinois corporation, and its consolidated subsidiaries, unless the context otherwise requires.*

This information statement describes the businesses to be transferred to AbbVie by Abbott in the separation as if the transferred businesses were AbbVie's businesses for all historical periods described. References in this information statement to AbbVie's historical assets, liabilities, products, businesses or activities of AbbVie's business are generally intended to refer to the historical assets, liabilities, products, businesses or activities of the transferred businesses as the businesses were conducted as part of Abbott and its subsidiaries prior to the separation.

### AbbVie

AbbVie is a research-based pharmaceuticals company with a broad and sustainable portfolio of market-leading proprietary pharmaceuticals and biologics sold worldwide. AbbVie products are used to treat rheumatoid arthritis, psoriasis, Crohn's disease, HIV, cystic fibrosis complications, low testosterone, thyroid disease, Parkinson's disease, and complications associated with chronic kidney disease, among other indications. AbbVie also has a pipeline of promising new medicines, including more than 20 compounds or indications in Phase II or Phase III development across such important medical specialties as immunology, renal care, hepatitis C, women's health, oncology, and neuroscience, including multiple sclerosis and Alzheimer's disease. After the separation, AbbVie will be a Fortune 200 company.

In 2011, AbbVie generated revenue of approximately \$17.4 billion, growing 11.6 percent from 2010, with net earnings of \$3.4 billion. AbbVie's revenues are generated worldwide, with approximately 55 percent of 2011 revenue generated in the United States, approximately 31 percent in the European Union and other developed markets, and approximately 14 percent in emerging markets. AbbVie has a strong portfolio of marketed products led by HUMIRA. HUMIRA is approved for seven indications in the United States and nine in the European Union, and is also in development for a number of additional indications. Since the launch of HUMIRA in 2003, AbbVie has successfully grown worldwide sales of this product to approximately \$7.9 billion in 2011.

AbbVie's principal products are:

- HUMIRA, for the treatment of rheumatoid arthritis, psoriatic arthritis, ankylosing spondylitis, psoriasis, juvenile idiopathic arthritis, and Crohn's disease as well as ulcerative colitis in the United States and European Union and axial spondyloarthritis and pediatric Crohn's disease in the European Union;
- Kaletra, also marketed as Aluvia, and Norvir for the treatment of HIV infection;
- Lupron, also marketed as Lucrin, and Lupron Depot, used for the palliative treatment of advanced prostate cancer, treatment of endometriosis and central precocious puberty, and for the preoperative treatment of patients with anemia caused by uterine fibroids;
- Synagis, for the prevention of respiratory syncytial virus (RSV);



- AndroGel, for the treatment of adult males who have low testosterone;
- the anesthesia product sevoflurane (sold under the trademarks Ultane and Sevorane);
- Zemplar, for the prevention and treatment of secondary hyperparathyroidism associated with Stage 3, 4, or 5 chronic kidney disease;
- Synthroid, for the treatment of hypothyroidism;
- Creon, for the treatment of pancreatic exocrine insufficiency associated with several underlying conditions, including cystic fibrosis and chronic pancreatitis; and
- TriCor, Trilipix, Simcor, and Niaspan, for the treatment of dyslipidemia.

AbbVie has the rights to sell AndroGel, Synthroid, Creon, TriCor, Trilipix and Niaspan only in the United States. AbbVie has the rights to sell Simcor worldwide except Canada. AbbVie has the rights to sell sevoflurane for human use worldwide.

#### **AbbVie's Strengths**

AbbVie possesses a number of competitive advantages that distinguish the company from its competitors, including:

**Portfolio of leading products.** AbbVie has a strong portfolio of products led by its market leading biologic, HUMIRA. HUMIRA is approved for seven indications in the United States and nine in the European Union, and is also in development for a number of additional indications. AbbVie has leading market positions in several treatment areas including rheumatoid arthritis, psoriasis, Crohn's disease, HIV, cystic fibrosis complications, low testosterone, and thyroid disease. These treatment areas have significant growth potential driven by a number of factors, including increasing prevalence and diagnosis, demographics, and market penetration. AbbVie's products demonstrate strong clinical performance for the patient and economic value for the payor.

**Broad pipeline of small molecule drugs and biologics targeting areas of unmet medical need.** Building and advancing AbbVie's existing product pipeline is a key driver to future growth. For example, AbbVie investigational interferon-free HCV treatment, which is currently in Phase III development, has the potential to shorten and simplify treatment and increase cure rates. In addition, other Phase III programs include: daclizumab for multiple sclerosis; a levodopa-carbidopa intestinal gel (LCIG) in the United States for advanced Parkinson's disease; elagolix for endometriosis; elotuzumab for multiple myeloma; and several new HUMIRA indications. AbbVie's pipeline also includes 10 compounds or new indications in mid-stage trials, including several that are expected to advance to Phase III within the next 18 months.

**Worldwide commercial infrastructure and opportunity for continued geographic penetration and expansion.** In 2011, AbbVie's products were sold in more than 170 countries. AbbVie has strong and extensive sales, marketing, and distribution organizations around the world to support its products. In 2011, AbbVie had sales of approximately \$7.7 billion outside of the United States, including sales to emerging markets of approximately \$2.4 billion, or 14 percent, of sales. Continued penetration of HUMIRA and other products will help drive growth in markets worldwide.

**Strong cash flow.** In 2011, AbbVie generated approximately \$6.2 billion in operating cash flow and spent approximately \$0.4 billion on capital expenditures. AbbVie anticipates that its business will continue to generate stable cash flow going forward, which would allow the company to continue to invest in its pipeline and return cash to stockholders in the form of dividends.

**Experienced management team with track record of successful performance.** AbbVie's management team has a strong track record of performance and execution. Richard A. Gonzalez, who has served as

Executive Vice President of Abbott's Pharmaceutical Products Group since 2010, will be AbbVie's Chairman of the Board and Chief Executive Officer. Mr. Gonzalez has served more than 30 years in various capacities at Abbott, including as President and Chief Operating Officer. Laura J. Schumacher, who has served as Executive Vice President, General Counsel and Corporate Secretary of Abbott, with additional responsibility for Abbott's licensing and acquisitions function and its Office of Ethics and Compliance, will be AbbVie's Executive Vice President, Business Development, External Affairs and General Counsel. Ms. Schumacher has served over 20 years at Abbott and was head of Abbott's litigation department before being appointed General Counsel. William J. Chase, who has served more than 20 years in various capacities at Abbott, including as Abbott's Vice President, Licensing and Acquisitions since 2010 and as Abbott's Treasurer, will be AbbVie's Executive Vice President, Chief Financial Officer. Carlos Alban, who has served over 25 years at Abbott, including as Senior Vice President, Proprietary Pharmaceutical Products, Global Commercial Operations and Senior Vice President, International Pharmaceuticals, is expected to be named AbbVie's Executive Vice President, Commercial Operations. John M. Leonard, M.D., who has served over 20 years in various capacities at Abbott, including most recently as Senior Vice President, Pharmaceuticals, Research and Development is expected to be named Senior Vice President, Chief Scientific Officer of AbbVie. Timothy J. Richmond, who has served more than 5 years at Abbott, most recently as Divisional Vice President of Compensation and Benefits, will be AbbVie's Senior Vice President, Human Resources. Azita Saleki-Gerhardt, who has served over 15 years at Abbott, most recently as Vice President, Pharmaceuticals Manufacturing and Supply, is expected to be named AbbVie's Senior Vice President, Operations. Thomas A. Hurwich, who has served over 25 years at Abbott, most recently as Vice President, Internal Audit, is expected to be named Vice President Controller of AbbVie.

#### **AbbVie's Strategies**

AbbVie is seeking to grow its business by, among other things:

**Expanding HUMIRA sales.** AbbVie expects to continue to drive strong HUMIRA sales growth in two ways. First, AbbVie is seeking to expand patients' use of its biologic, HUMIRA. Worldwide use of biologics in applicable populations continues to be low, ranging from mid-single digit percentages in moderate to severe plaque psoriasis to the mid-20s for conditions such as moderate to severe rheumatoid arthritis and moderate to severe Crohn's disease. AbbVie believes that there is significant room for increasing clinically appropriate use across all of HUMIRA's therapeutic areas, particularly in international markets. By encouraging early diagnosis and proper use of HUMIRA for clinically appropriate patients, AbbVie intends to increase the number of patients who use HUMIRA to treat their autoimmune conditions. Second, AbbVie seeking to expand the HUMIRA patient base by applying for regulatory approval of new indications for HUMIRA, treating conditions such as axial and peripheral spondyloarthritis and uveitis.

**Advancing the pipeline.** AbbVie's goal is to bring to market products that demonstrate strong clinical performance for patients and economic value for payors. The company's pipeline includes both small molecules and targeted biologic therapies, and a mix of new compounds and new indications. The company has more than 20 compounds or indications in Phase II or III development individually and under collaboration or license agreements. From 2013 through 2016, AbbVie anticipates new product launches, including: AbbVie's interferon-free regimen for the treatment of HCV; a levodopa-carbidopa intestinal gel (LCIG) in the United States for advanced Parkinson's disease; elotuzumab, a humanized monoclonal antibody for the treatment of multiple myeloma; daclizumab, a monoclonal antibody for the treatment of multiple sclerosis; ABT-199, a next-generation bcl-2 inhibitor in development for chronic lymphocytic leukemia; and new indications for HUMIRA.

**Expanding its presence in emerging markets.** AbbVie plans to continue making investments in key emerging markets, including Brazil, China, India, Mexico, Russia, and Turkey. Continued penetration by HUMIRA and other leading products is expected to help drive growth in these markets.

**Managing the product portfolio to maximize value.** AbbVie plans to continue its investment in products with durable sales, while making adjustments as necessary to increase the value of its product portfolio. AbbVie will achieve this objective in a variety of ways depending on product and circumstances by, for example, identifying supply chain efficiencies, pursuing additional indications, and optimizing residual value as products reach the end of exclusivity. AbbVie believes that its approach will allow the company to maintain a strong operating margin on existing products.

#### **Risks Associated with AbbVie's Business and the Separation and Distribution**

An investment in AbbVie common stock is subject to a number of risks, including risks relating to the separation and distribution. The following list of risk factors is not exhaustive. Please read the information in the section captioned "Risk Factors" for a more thorough description of these and other risks.

##### ***Risks Relating to AbbVie's Business***

- The expiration or loss of patent protection and licenses may adversely affect AbbVie's future revenues and operating income.
- AbbVie's major products could lose patent protection earlier than expected, which could adversely affect AbbVie's future revenues and operating income.
- A third party's intellectual property may prevent AbbVie from selling its products or have a material adverse effect on AbbVie's future profitability and financial condition.
- Any significant event that adversely affects HUMIRA revenues could have a material and negative impact on AbbVie's results of operations and cash flows.
- AbbVie's research and development efforts may not succeed in developing commercially successful products and technologies, which may cause its revenues and profitability to decline.
- A portion of AbbVie's near-term pharmaceutical pipeline relies on collaborations with third parties, which may adversely affect the development and sale of its products.
- AbbVie's business is dependent on the successful development and marketing of new products, which are subject to substantial risks.
- AbbVie's biologic products may become subject to competition from biosimilars.
- Significant safety or efficacy issues could arise for AbbVie's products, which could have a material adverse effect on AbbVie's revenues and financial condition.
- AbbVie is subject to cost-containment efforts and pricing pressures that could cause a reduction in future revenues and operating income.
- AbbVie is subject to numerous governmental regulations, and it can be costly to comply with these regulations and to develop compliant products and processes.
- AbbVie's compliance with the obligations of the May 7, 2012 resolution of the Department of Justice's investigation into the sales and marketing activities for Depakote will impose costs and burdens on AbbVie.
- The international nature of AbbVie's business subjects it to additional business risks that may cause its revenue and profitability to decline.

### ***Risks Relating to the Separation and Distribution***

- AbbVie has no history operating as an independent company, and AbbVie's historical and pro forma financial information is not necessarily representative of the results that it would have achieved as a separate, publicly traded company and may not be a reliable indicator of its future results.
- AbbVie may not achieve some or all of the expected benefits of the separation, and the separation may adversely affect AbbVie's business.

### **The Separation and Distribution**

On October 19, 2011, Abbott announced that it intended to separate its research-based pharmaceuticals business from the remainder of its businesses, including its medical devices, nutritional products, diagnostic and branded generic pharmaceuticals (sold outside the United States) businesses.

On November 28, 2012, the Abbott board of directors approved the distribution of all of AbbVie's issued and outstanding shares of common stock on the basis of one share of AbbVie common stock for each Abbott common share held as of the close of business on December 12, 2012, the record date.

### ***AbbVie's Post-Separation Relationship with Abbott***

AbbVie has entered into a separation and distribution agreement with Abbott, which we refer to in this information statement as the "separation agreement" or the "separation and distribution agreement." In connection with the separation, AbbVie will enter into various other agreements to effect the separation and provide a framework for its relationship with Abbott after the separation, such as a U.S. and an ex-U.S. transition services agreement, a tax sharing agreement, an employee matters agreement, a special products master agreement, an international commercial operations agreement, a Luxembourg international commercial operations agreement, an information technology agreement, finished goods supply agreements, contract manufacturing agreements, and a transitional trademark license agreement. These agreements will provide for the allocation between AbbVie and Abbott of Abbott's assets, employees, liabilities and obligations (including its investments, property and employee benefits and tax-related assets and liabilities) attributable to period prior to, at and after AbbVie's separation from Abbott and will govern certain relationships between AbbVie and Abbott after the separation. For additional information regarding the separation agreement and other transaction agreements, see the sections entitled "Risk Factors—Risks Related to the Separation" and "Certain Relationships and Related Person Transactions."

### ***Reasons for the Separation***

The Abbott board of directors believes that separating the research-based pharmaceuticals business from the remainder of Abbott is in the best interests of Abbott and its shareholders for a number of reasons, including that:

- The investment identities of Abbott and AbbVie have evolved independently over time. The separation will allow investors to separately value Abbott and AbbVie based on their unique investment identities, including the merits, performance and future prospects of their respective businesses. The separation will also provide investors with two distinct and targeted investment opportunities.
- The separation will allow each business to more effectively pursue its own distinct operating priorities and strategies, which have diverged over time, and will enable the management of both companies to pursue unique opportunities for long-term growth and profitability.

- The separation will permit each company to concentrate its financial resources solely on its own operations, providing greater flexibility to invest capital in its business in a time and manner appropriate for its distinct strategy and business needs. This will facilitate a more efficient allocation of capital.
- The separation will create an independent equity structure that will afford AbbVie direct access to capital markets and facilitate the ability to capitalize on its unique growth opportunities and effect future acquisitions utilizing its common stock.

The Abbott board of directors considered a number of potentially negative factors in evaluating the separation, including risks relating to the creation of a new public company, possible increased costs and one-time separation costs, but concluded that the potential benefits of the separation outweighed these factors. For more information, see the sections entitled "The Separation and Distribution—Reasons for the Separation" and "Risk Factors" included elsewhere in this information statement.

#### **Corporate Information**

AbbVie Inc. was incorporated in Delaware on April 10, 2012 for the purpose of holding Abbott's research-based pharmaceuticals business in connection with the separation and distribution described herein. Prior to the contribution of this business to AbbVie, which will occur over a period of several months prior to the distribution, AbbVie will have no operations. The address of AbbVie's principal executive offices is 1 North Waukegan Road, North Chicago, Illinois 60064. AbbVie's telephone number is 847-932-7900.

Beginning January 1, 2013, AbbVie will also maintain an Internet site at [www.abbvie.com](http://www.abbvie.com). AbbVie's website and the information contained therein or connected thereto shall not be deemed to be incorporated herein, and you should not rely on any such information in making an investment decision.

#### **Reason for Furnishing this Information Statement**

This information statement is being furnished solely to provide information to shareholders of Abbott who will receive shares of AbbVie common stock in the distribution. It is not and is not to be construed as an inducement or encouragement to buy or sell any of AbbVie's securities. The information contained in this information statement is believed by AbbVie to be accurate as of the date set forth on its cover. Changes may occur after that date and neither Abbott nor AbbVie will update the information except in the normal course of their respective disclosure obligations and practices.

**SUMMARY HISTORICAL AND UNAUDITED PRO FORMA  
COMBINED FINANCIAL INFORMATION**

The following table sets forth summary historical financial information for the periods indicated below. The summary balance sheet data as of December 31, 2011 and 2010 and the summary statement of earnings data for the years ended December 31, 2011, 2010, and 2009 have been derived from AbbVie's audited combined financial statements which are included elsewhere in this information statement. The summary balance sheet data as of December 31, 2009 have been derived from AbbVie's unaudited combined financial statements that are not included in this information statement. The summary balance sheet data as of September 30, 2012 and the summary statement of earnings data for the nine months ended September 30, 2012 and 2011 are derived from AbbVie's unaudited condensed interim financial statements which are included elsewhere in this information statement. The summary balance sheet data as of September 30, 2011 is derived from AbbVie's unaudited condensed interim financial statements which are not included in this information statement.

The summary financial information may not be indicative of AbbVie's future performance as an independent company. It should be read in conjunction with the discussion in "Management's Discussion and Analysis of Financial Condition and Results of Operations," the unaudited pro forma combined financial statements and corresponding notes, the audited combined financial statements and corresponding notes and the unaudited condensed interim combined financial statements and corresponding notes included elsewhere in this information statement.

The pro forma data for the periods ended September 30, 2012 and December 31, 2011 assume that the separation occurred as of January 1, 2011. The pro forma balance sheet assumes that the separation occurred as of September 30, 2012. The pro forma adjustments are based upon available information and assumptions that AbbVie believes are reasonable. The summary unaudited pro forma condensed financial information is for illustrative and informational purposes only and does not purport to represent what the financial position or results of operations would have been if AbbVie had operated as an independent company during the periods presented or if the transactions described therein had actually occurred as of the date indicated, nor does it project the financial position at any future date or the results of operations for any future period. Please see the notes to the unaudited pro

forma combined financial statements included elsewhere in this information statement for a discussion of adjustments reflected in the pro forma combined financial statements.

	For the Nine Months Ended September 30,			For the Years Ended December 31,			
	Pro Forma 2012	2012	2011	Pro Forma 2011	2011	2010	2009
(dollars and shares in millions; except earnings per share amounts)							
<b>Combined Statement of Earnings Data:</b>							
Net Sales	\$ 13,325	\$ 13,174	\$ 12,580	\$ 17,639	\$ 17,444	\$ 15,638	\$ 14,214
<b>Costs and Expenses:</b>							
Cost of products sold	3,374	3,243	3,463	4,847	4,639	4,293	4,056
Research and development	2,089	2,097	1,842	2,614	2,618	2,495	1,707
Acquired in-process research and development	260	260	272	673	673	313	170
Selling, general and administrative	3,471	3,578	4,760	5,894	5,894	3,820	3,349
Interest Expense	219	—	—	292	—	—	—
Net foreign exchange loss (gain)	27	27	(32)	(30)	(30)	(30)	19
Other (income) expense, net	(53)	(43)	(36)	(18)	(18)	(89)	(1,037)
Earnings before taxes	3,938	4,012	2,311	3,367	3,668	4,836	5,950
Taxes on earnings	211	277	35	124	235	658	1,314
Net earnings	3,727	3,735	2,276	3,243	3,433	4,178	4,636
<b>Earnings per common share:</b>							
Basic	2.34	N/A	N/A	2.05	N/A	N/A	N/A
Diluted	2.31	N/A	N/A	2.03	N/A	N/A	N/A
<b>Average Number of Common Shares Outstanding:</b>							
Basic	1,583	N/A	N/A	1,572	N/A	N/A	N/A
Diluted	1,600	N/A	N/A	1,585	N/A	N/A	N/A

	As of September 30,			As of December 31,		
	Pro Forma 2012	2012	2011	2011	2010	2009
(dollars in millions)						
<b>Combined Balance Sheet Data:</b>						
Total assets	\$ 25,948	\$ 22,730	\$ 20,036	\$ 19,657	\$ 21,135	\$ 15,858
Long-term debt	14,700	—	—	—	—	—

## RISK FACTORS

*You should carefully consider the following risks and other information in this information statement in evaluating AbbVie and AbbVie's common stock. Any of the following risks could materially and adversely affect AbbVie's results of operations or financial condition. The risk factors generally have been separated into three groups: risks related to AbbVie's business, risks related to the separation and risks related to AbbVie's common stock.*

### **Risks Related to AbbVie's Business**

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

AbbVie relies on patent, trademark and other intellectual property protection in the discovery, development, manufacturing, and sale of its products. In particular, patent protection is, in the aggregate, important in AbbVie's marketing of pharmaceutical products in the United States and most major markets outside of the United States. Patents covering AbbVie products normally provide market exclusivity, which is important for the profitability of many of AbbVie's products.

As patents for certain of its products expire, AbbVie will or could face competition from lower priced generic products. The expiration or loss of patent protection for a product typically is followed promptly by substitutes that may significantly reduce sales for that product in a short amount of time. If AbbVie's competitive position is compromised because of generics or otherwise, it could have a material adverse effect on AbbVie's business and results of operations. In addition, proposals emerge from time to time for legislation to further encourage the early and rapid approval of generic drugs. Any such proposals that are enacted into law could worsen the effect of generic competition.

AbbVie's principal patents and trademarks are described in greater detail in the sections captioned "Business—Intellectual Property Protection and Regulatory Exclusivity" and "Management's Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations," and litigation regarding these patents is described in the section captioned "Business—Legal Proceedings." The U.S. composition of matter patent for HUMIRA, which is AbbVie's largest selling product and had worldwide sales of approximately \$7.9 billion in 2011, is expected to expire in December 2016, and the equivalent European Union patent is expected to expire in the majority of EU countries in April 2018. Because HUMIRA is a biologic and biologics cannot be readily substituted, it is uncertain what impact the loss of patent protection would have on the sales of HUMIRA.

***AbbVie's major products could lose patent protection earlier than expected, which could adversely affect AbbVie's future revenues and operating income.***

Third parties or government authorities may challenge or seek to invalidate or circumvent AbbVie's patents and patent applications. For example, manufacturers of generic pharmaceutical products file, and may continue to file, Abbreviated New Drug Applications (ANDAs) with the United States Food and Drug Administration (FDA) seeking to market generic forms of AbbVie's products prior to the expiration of relevant patents owned or licensed by AbbVie by asserting that the patents are invalid, unenforceable and/or not infringed. For example, certain companies have filed ANDAs seeking approval to market generic versions of fenofibric acid capsules (Trilipix) and niacin extended release tablets (Niaspan). These companies have asserted that the AbbVie patents covering these products are invalid, unenforceable, and/or not infringed by their respective products. AbbVie recently entered into settlement agreements resolving substantially all of these challenges. For a description of other material pending challenges, please refer to the "Business—Legal Proceedings" section of this information statement.



Although most of the challenges to AbbVie's intellectual property have come from other businesses, governments may also challenge intellectual property protections. For example, court decisions and potential legislation relating to patents, such as legislation regarding biosimilars, and other regulatory initiatives may result in further erosion of intellectual property protection. In addition, certain governments outside the United States have indicated that compulsory licenses to patents may be sought to further their domestic policies or on the basis of national emergencies, such as HIV/AIDS. If triggered, compulsory licenses could diminish or eliminate sales and profits from those jurisdictions and negatively affect AbbVie's results of operations.

AbbVie normally responds to challenges by vigorously defending its patents, including by filing patent infringement lawsuits. Patent litigation and other challenges to AbbVie's patents are costly and unpredictable and may deprive AbbVie of market exclusivity for a patented product. To the extent AbbVie's intellectual property is successfully challenged or circumvented or to the extent such intellectual property does not allow AbbVie to compete effectively, AbbVie's business will suffer. To the extent that countries do not enforce AbbVie's intellectual property rights or require compulsory licensing of AbbVie's intellectual property, AbbVie's future revenues and operating income will be reduced.

***A third party's intellectual property may prevent AbbVie from selling its products or have a material adverse effect on AbbVie's future profitability and financial condition.***

Third parties may claim that an AbbVie product infringes upon their intellectual property. Resolving an intellectual property infringement claim can be costly and time consuming and may require AbbVie to enter into license agreements. AbbVie 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 AbbVie to significant damages or an injunction preventing the manufacture, sale, or use of the affected AbbVie product or products. Any of these events could have a material adverse effect on AbbVie's profitability and financial condition.

***Any significant event that adversely affects HUMIRA revenues could have a material and negative impact on AbbVie's results of operations and cash flows.***

HUMIRA generates approximately 45 percent of AbbVie's sales. Any significant event that adversely affects HUMIRA's revenues could have a material adverse impact on AbbVie's operations and cash flows. These events could include increased costs associated with manufacturing HUMIRA, loss of patent protection for HUMIRA, the approval of biosimilars of HUMIRA, the discovery of previously unknown side effects or impaired efficacy, increased competition from the introduction of new, more effective or less expensive treatments, and discontinuation or removal from the market of HUMIRA for any reason.

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

To remain competitive, AbbVie must continue to launch new products and new indications and/or brand extensions for existing products, and such launches must generate revenue sufficient both to cover its substantial research and development costs and to replace sales of profitable products that are lost to or displaced by competing products or therapies. Failure to do so would have a material adverse effect on AbbVie's revenue and profitability. Accordingly, AbbVie commits substantial effort, funds, and other resources to research and development and must make ongoing substantial expenditures without any assurance that its efforts will be commercially successful. For example, in 2011 AbbVie discontinued the development of ABT-288 and ABT-384, which were both in Phase II development for the treatment of Alzheimer's disease. A high rate of failure is inherent in the research and

development of new products, and failure can occur at any point in the research and development process, including after significant funds have been invested.

Decisions about research studies made early in the development process of a pharmaceutical product candidate can affect the marketing strategy once such candidate receives approval. More detailed studies may demonstrate additional benefits that can help in the marketing, but they also consume time and resources and may delay submitting the pharmaceutical product candidate for approval. AbbVie cannot guarantee that a proper balance of speed and testing will be made with respect to each pharmaceutical product candidate or that decisions in this area would not adversely affect AbbVie's future results.

***A portion of AbbVie's near-term pharmaceutical pipeline relies on collaborations with third parties, which may adversely affect the development and sale of its products.***

AbbVie depends on alliances with pharmaceuticals and biotechnology companies for a portion of the products in its near-term pharmaceutical pipeline. For example, AbbVie is collaborating with Biogen Idec to develop a treatment for the relapsing remitting form of MS. It is also collaborating with Bristol-Myers Squibb on a treatment for multiple myeloma, and with Biotest AG on a compound for rheumatoid arthritis and psoriasis.

Failures by these parties to meet their contractual, regulatory, or other obligations to AbbVie, or any disruption in the relationships between AbbVie and these third parties, could have an adverse effect on AbbVie's pharmaceutical pipeline and business. In addition, AbbVie's collaborative relationships for research and development extend for many years and may give rise to disputes regarding the relative rights, obligations and revenues of AbbVie and its collaboration partners, including the ownership of intellectual property and associated rights and obligations. This could result in the loss of intellectual property rights or protection, delay the development and sale of potential pharmaceutical products, and lead to lengthy and expensive litigation or arbitration.

***AbbVie's business is dependent on the successful development and marketing of new products, which are subject to substantial risks.***

Products that appear promising in development may fail to reach the market for numerous reasons, including failure to demonstrate effectiveness, safety concerns, superior safety or efficacy of competing therapies, failure to achieve positive clinical or pre-clinical outcomes beyond the current standard of care, inability to obtain necessary regulatory approvals or delays in the approval of new products and new indications, limited scope of approved uses, excessive costs to manufacture, the failure to obtain or maintain intellectual property rights, or infringement of the intellectual property rights of others. Even if AbbVie successfully develops new products or enhancements to its existing products, they may be quickly rendered obsolete by changing clinical preferences, changing industry standards, or competitors' innovations. AbbVie's innovations may not be accepted quickly in the marketplace because of existing clinical practices or uncertainty over third-party reimbursement.

AbbVie 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 AbbVie's products to become obsolete, causing AbbVie's revenues and operating results to suffer.

***Biologics carry unique risks and uncertainties, which could have a negative impact on future results of operations.***

The successful discovery, development, manufacturing and sale of biologics is a long, expensive and uncertain process. There are unique risks and uncertainties with biologics. For example, access to and

supply of necessary biological materials such as cell lines may be limited, and governmental regulations restrict access to and regulate the transport and use of such materials. In addition, the development, manufacturing, and sale of biologics is subject to regulations that are often more complex and extensive than the regulations applicable to other pharmaceutical products. Manufacturing biologics, especially in large quantities, is often complex and may require the use of innovative technologies. Such manufacturing also requires facilities specifically designed and validated for this purpose and sophisticated quality assurance and quality control procedures. Biologics are also frequently costly to manufacture because production inputs are derived from living animal or plant material, and some biologics cannot be made synthetically. Failure to successfully discover, develop, manufacture and sell biologics—including HUMIRA—could adversely impact AbbVie's business and results of operations.

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

AbbVie competes with other research-based pharmaceuticals and biotechnology companies that discover, manufacture, market, and sell proprietary pharmaceutical products and biologics. For example, HUMIRA competes with a number of anti-TNF products that are approved for a number of disease states, AbbVie's virology products compete with protease inhibitors and other anti-HIV treatments, and AbbVie's dyslipidemia products face competition from other fibrates and from statins. These competitors may introduce new products or develop technological advances that compete with AbbVie's products in therapeutic areas such as immunology, virology, renal disease, dyslipidemia, and neuroscience. AbbVie cannot predict with certainty the timing or impact of the introduction by competitors of new products or technological advances. Such competing products may be safer, more effective, more effectively marketed or sold, or have lower prices or superior performance features than AbbVie's products, and this could negatively impact AbbVie's business and results of operations.

***AbbVie's biologic products may become subject to competition from biosimilars.***

The Biologics Price Competition and Innovation Act was passed on March 23, 2010 as Title VII to the Patient Protection and Affordable Care Act. The law created a framework for the approval of biosimilars in the United States and could allow competitors to reference data from biologic products already approved. In Europe, the European Commission has granted marketing authorizations for several biosimilars pursuant to a set of general and product class-specific guidelines for biosimilar approvals issued over the past few years. In addition, companies are developing biosimilars in other countries that could compete with AbbVie's biologic products. If competitors are able to obtain marketing approval for biosimilars referencing AbbVie's biologic products, AbbVie's products may become subject to competition from such biosimilars, with the attendant competitive pressure and consequences. Expiration or successful challenge of AbbVie's applicable patent rights could also trigger competition from other products, assuming any relevant exclusivity period has expired. As a result, AbbVie could face more litigation with respect to the validity and/or scope of patents relating to its biologic products.

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

The manufacture of many of AbbVie'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, delays related to the construction of new facilities or the expansion of existing facilities, including those intended to support future demand for AbbVie's products, changes in manufacturing production sites and limits to manufacturing capacity due to regulatory requirements, changes in the types of products produced, physical limitations that could inhibit continuous supply,

man-made or natural disasters, and environmental factors. If problems arise during the production of a batch of product, that batch of product may have to be discarded and AbbVie may experience product shortages or incur added expenses. 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.

***AbbVie relies on single sources of supply for certain products and services, and an interruption in the supply of those products and services could adversely affect AbbVie's business and results of operations.***

AbbVie has a single source of supply for certain products and services. For example, the filling and packaging of HUMIRA syringes to be sold outside of the United States and Puerto Rico is performed by a single supplier at its two different facilities. AbbVie maintains significant inventory of HUMIRA syringes intended to reduce the risk of supply disruption and is in the process of obtaining regulatory approvals for its own syringe-filling and packaging facility in the United States to supply syringes outside of the United States and Puerto Rico. AbbVie also uses a number of products in the manufacturing process for HUMIRA that are currently sourced from single suppliers. AbbVie believes alternative sources for all products used in the manufacturing process for HUMIRA are currently available.

The failure of a single-source supplier to fulfill its contractual obligations in a timely manner or as a result of regulatory noncompliance or physical disruption at a manufacturing site may impair AbbVie's ability to deliver its products to customers on a timely and competitive basis, which could adversely affect AbbVie's business and results of operations. Finding an alternative supplier could take a significant amount of time and involve significant expense due to the nature of the services and the need to obtain regulatory approvals. AbbVie cannot guarantee that it will be able to reach agreement with alternative providers or that regulatory authorities would approve AbbVie's use of such alternatives. AbbVie does, however, carry business interruption insurance, which provides a degree of protection in the case of a failure by a single-source supplier.

***Significant safety or efficacy issues could arise for AbbVie's products, which could have a material adverse effect on AbbVie's revenues and financial condition.***

Pharmaceutical products 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. In addition, due to various product withdrawals and other significant safety issues related to pharmaceutical products, the amount of time to obtain regulatory approval has increased industrywide and some health authorities are re-reviewing select products that are already marketed.

If new safety or efficacy issues are reported or if new scientific information becomes available (including results of post-marketing Phase IV trials), or if there are changes in government standards regarding safety, efficacy or labeling, AbbVie may be required to amend the conditions of use for a product. The FDA has authority, based on such new clinical or scientific information, to require post-marketing studies, clinical trials and labeling changes and compliance with FDA-approved risk evaluation and mitigation strategies. The FDA's exercise of this authority could result in delays or increased costs during product development, clinical trials and regulatory review, increased costs to comply with additional post-approval regulatory requirements and potential restrictions on marketing of approved products. Regulatory agencies outside of the United States often have similar authority.

New safety data may emerge from adverse event reports, post-marketing studies, whether conducted by AbbVie or by others and whether mandated by regulatory agencies or voluntary, and other sources and may adversely affect sales of AbbVie's products. For example, AbbVie may

voluntarily provide or be required to provide updated information on a product's label or narrow its approved indication, either of which could reduce the product's market acceptance. If serious safety or efficacy issues with an AbbVie product arise, sales of the product could be halted by AbbVie or by regulatory authorities. Safety or efficacy issues affecting suppliers' or competitors' products also may reduce the market acceptance of AbbVie's products.

New data about AbbVie's products, or products similar to its products, could negatively impact demand for AbbVie's products due to real or perceived safety issues or uncertainty regarding efficacy and, in some cases, could result in product withdrawal. Furthermore, new data and information, including information about product misuse, may lead government agencies, professional societies, practice management groups or organizations involved with various diseases to publish guidelines or recommendations related to the use of AbbVie's products or the use of related therapies or place restrictions on sales. Such guidelines or recommendations may lead to lower sales of AbbVie's products.

***AbbVie is subject to product liability claims and lawsuits that may adversely affect its business and results of operations.***

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

***AbbVie is subject to cost-containment efforts and pricing pressures that could cause a reduction in future revenues and operating income.***

Cost-containment efforts by governments and private organizations are described in greater detail in the section captioned "Business—Regulation—Commercialization, Distribution and Manufacturing." To the extent these cost containment efforts are not offset by greater demand, increased patient access to health care, or other factors, AbbVie's future revenues and operating income will be reduced. In the United States, the European Union and other countries, AbbVie's business has experienced downward pressure on product pricing, and this pressure could increase in the future.

In the United States, practices of managed care groups and institutional and governmental purchasers and U.S. federal laws and regulations related to Medicare and Medicaid, including the Medicare Prescription Drug Improvement and Modernization Act of 2003 and the Patient Protection and Affordable Care Act, contribute to pricing pressures. Recently enacted changes to the health care system in the United States and the increased purchasing power of entities that negotiate on behalf of Medicare, Medicaid, and private sector beneficiaries could result in additional pricing pressures.

In numerous major markets worldwide, the government plays a significant role in funding health care services and determining the pricing and reimbursement of pharmaceutical products. Consequently, in those markets, AbbVie is subject to government decision making and budgetary actions with respect to its products. In particular, there were government-mandated price reductions for many pharmaceutical products in many European countries in 2010 and 2011, and AbbVie anticipates continuing pricing pressures in Europe. Differences between countries in pricing regulations could lead to third-party cross-border trading in AbbVie's products that results in a reduction in future revenues and operating income.

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

AbbVie's products are subject to rigorous regulation by numerous international, supranational, federal, and state authorities, as described in the section titled "Business—Regulation—Discovery and Clinical Development." The process of obtaining regulatory approvals to market a pharmaceutical product 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 substantial additional costs.

In addition, AbbVie cannot guarantee that it will remain compliant with applicable regulatory requirements once approval 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 AbbVie's facilities and procedures and those of its suppliers also are subject to ongoing regulation, including periodic inspection by regulatory authorities. AbbVie must incur expense and spend time and effort to ensure compliance with these complex regulations.

Possible regulatory actions in the event of non-compliance could include warning letters, fines, damages, injunctions, civil penalties, recalls, seizures of AbbVie's products, and criminal prosecution. These actions could result in substantial modifications to AbbVie's business practices and operations; refunds, recalls, or seizures of AbbVie's products; a total or partial shutdown of production in one or more of AbbVie's or its suppliers' facilities while AbbVie or its supplier remedies the alleged violation; the inability to obtain future approvals; and withdrawals or suspensions of current products from the market. Any of these events could disrupt AbbVie's business and have a material adverse effect on its business and results of operations.

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

The health care industry is subject to various federal, state, and international laws and regulations pertaining to government benefit programs reimbursement, rebates, price reporting and regulation, and health care fraud and abuse. In the United States, these laws include anti-kickback and false claims laws, the Medicaid Rebate Statute, the Veterans Health Care Act, 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 federal and state health care programs, including Medicare, Medicaid, and Veterans Administration health programs. These laws and regulations are broad in scope and they are subject to evolving interpretations, which could require AbbVie 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 AbbVie's business and result in a material adverse effect on its business and results of operations.

***Changes in laws and regulations may adversely affect AbbVie's business.***

As described above, the development, manufacture, marketing, sale, promotion, and distribution of AbbVie's products are subject to comprehensive government regulation. Changes in these regulations could affect AbbVie in various ways. For example, under the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010, AbbVie pays a fee related to its pharmaceuticals sales to government programs and, beginning in 2013, must record and report any transfers of value to physicians and teaching hospitals. Similar reporting requirements have been enacted on a state level in the United States and within the European Union and an increasing number

of countries worldwide have adopted or are considering similar laws. Future legislation and regulation in the markets that AbbVie serves could affect access to health care products and services, increase rebates, reduce prices or the rate of price increases for health care products and services, change health care delivery systems, create new fees and obligations for the pharmaceuticals industry, or require additional reporting and disclosure. Such legislation and regulation could adversely affect AbbVie's business, results of operations, cash flow, financial condition and prospects.

***AbbVie could be subject to increased monetary penalties and/or other sanctions, including exclusion from federal health care programs, if it fails to comply with the terms of the May 7, 2012 resolution of the Department of Justice's investigation into sales and marketing activities for Depakote.***

On May 7, 2012, Abbott settled U.S. federal and 49 state investigations into its sales and marketing activities for Depakote by pleading guilty to a misdemeanor violation of the Food Drug & Cosmetic Act (FDCA) and agreeing to pay approximately \$700 million in criminal fines and forfeitures and approximately \$900 million to resolve civil claims. A non-cash charge related to these investigations was previously recorded, as discussed in "Management's Discussion and Analysis of Financial Condition and Results of Operations." Under the plea agreement, Abbott submitted to a term of probation that is initially set at 5 years, and will be shortened to 3 years upon the separation of Abbott and AbbVie. The obligations of the plea agreement transfer to and become fully binding on AbbVie upon the separation and distribution. The conditions of probation include certain reporting requirements, maintenance of certain compliance measures, certifications of AbbVie's CEO and board of directors, and other conditions. If AbbVie violates the terms of its probation, it may face additional monetary sanctions and other such remedies as the court deems appropriate. On October 2, 2012, the court accepted the guilty plea and imposed the agreed-upon sentence.

In addition, Abbott entered into a five-year Corporate Integrity Agreement (CIA) with the Office of Inspector General for the U.S. Department of Health and Human Services (OIG). The effective date of the CIA is October 11, 2012. The obligations of the CIA transfer to and become fully binding on AbbVie upon the separation and distribution. The CIA requires enhancements to compliance procedures, fulfillment of reporting and monitoring obligations, and certifications from AbbVie's board of directors, among other requirements. If AbbVie fails to comply with the CIA, the OIG may impose monetary penalties or exclude AbbVie from federal health care programs, including Medicare and Medicaid. AbbVie and Abbott may be subject to third party claims and shareholder lawsuits in connection with the settlement, and AbbVie may be required to indemnify all or a portion of Abbott's costs.

***AbbVie's compliance with the obligations of the May 7, 2012 resolution of the Department of Justice's investigation into the sales and marketing activities for Depakote will impose costs and burdens on AbbVie.***

On May 7, 2012 Abbott Laboratories settled U.S. federal and 49 state investigations into its sales and marketing activities for Depakote by pleading guilty to a misdemeanor violation of the FDCA, agreeing to pay criminal fines, forfeitures, and civil damages, and submitting to a term of probation. On October 2, 2012, the court accepted the guilty plea and imposed the agreed-upon sentence. In addition, Abbott entered into a five-year CIA with the OIG, effective as of October 11, 2012. The obligations of the plea agreement and the CIA transfer to and become fully binding on AbbVie upon the separation and distribution. Compliance with the requirements of the settlement will impose additional costs and burdens on AbbVie, including in the form of employee training, third party reviews, compliance monitoring, and management attention.

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

AbbVie's business is subject to risks associated with doing business internationally. Sales outside of the United States make up approximately 45 percent of AbbVie's net sales. The risks associated with its operations outside the United States include:

- fluctuations in currency exchange rates;
- changes in medical reimbursement policies and programs;
- multiple legal and regulatory requirements that are subject to change and that could restrict AbbVie's ability to manufacture, market, and sell its products;
- 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 and currency exchange 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 AbbVie's revenues and profitability.

***Further deterioration in the economic position and credit quality of certain European countries may negatively affect AbbVie's results of operations.***

Financial instability and fiscal deficits in certain European countries, including Greece, Italy, Portugal, and Spain, may result in additional austerity measures to reduce costs, including health care costs. If economic conditions continue to worsen, this could result in lengthening the time or reducing the collectability of AbbVie's outstanding trade receivables and increasing government efforts to reduce health care spending, leading to reductions in drug prices and utilization of AbbVie's products. Ongoing sovereign debt issues in these countries could increase AbbVie's collection risk given that a significant amount of AbbVie's receivables in these countries are with governmental health care systems.

***AbbVie may not be able to realize the expected benefits of its investments in emerging markets.***

AbbVie seeks to make investments in key emerging markets, including Brazil, China, India, Mexico, Russia, and Turkey, but cannot guarantee that its efforts to expand sales in these markets will succeed. Some emerging markets may be especially vulnerable to periods of financial instability or may have very limited resources to spend on health care. For AbbVie to successfully implement its emerging markets strategy, AbbVie must attract and retain qualified personnel or may be required to increase its reliance on third-party distributors within certain emerging markets. Many of these countries have currencies that fluctuate substantially; if such currencies devalue and AbbVie cannot offset the



devaluations, its financial performance within such countries could be adversely affected. In addition, price and currency exchange controls, limitations on participation in local enterprises, expropriation, nationalization, and other governmental actions could affect AbbVie's business and results of operations in emerging markets.

***AbbVie may acquire other businesses, license rights to technologies or products, form alliances, or dispose of assets, which could cause it to incur significant expenses and could negatively affect profitability.***

AbbVie may pursue acquisitions, technology licensing arrangements, and strategic alliances, or dispose of some of its assets, as part of its business strategy. AbbVie 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 AbbVie 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. AbbVie may not be able to integrate acquisitions successfully into its existing business and could incur or assume significant debt and unknown or contingent liabilities. AbbVie 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 AbbVie's credit rating and result in increased borrowing costs and interest expense.

Additionally, changes in AbbVie's structure, operations, revenues, costs, or efficiency resulting from major transactions such as acquisitions, divestitures, mergers, alliances, restructurings or other strategic initiatives, may result in greater than expected costs, may take longer than expected to complete or encounter other difficulties, including the need for regulatory approval where appropriate.

***AbbVie is dependent on wholesale distributors for distribution of its products in the United States and, accordingly, its results of operations could be adversely affected if they encounter financial difficulties.***

In 2011, three wholesale distributors—AmerisourceBergen Corporation, Cardinal Health, Inc. and McKesson Corporation—accounted for substantially all of AbbVie's sales in the United States. If one of its significant wholesale distributors encounters financial or other difficulties, such distributor may decrease the amount of business that it does with AbbVie, and AbbVie may be unable to collect all the amounts that the distributor owes it on a timely basis or at all, which could negatively impact AbbVie's business and results of operations.

***Changes in the terms of rebate and chargeback programs, which are common in the pharmaceuticals industry, could have a material adverse effect on AbbVie's operations.***

Approximately 67% of AbbVie's gross revenues are subject to various forms of rebates and allowances. Rebates related to government programs, such as fee-for-service Medicaid or Medicaid managed care programs, arise from laws and regulations. AbbVie cannot predict if additional government initiatives to contain health care costs or other factors could lead to new or modified regulatory requirements that include higher or incremental rebates or discounts. Other rebate and discount programs arise from contractual agreements with private payers. Various factors, including market factors and the ability of private payers to control patient access to products, may provide payers the leverage to negotiate higher or additional rebates or discounts that could have a material adverse effect on AbbVie's operations.

***AbbVie is subject to evolving and complex tax laws, which may result in additional liabilities that may affect results of operations.***

AbbVie is subject to evolving and complex tax laws in the jurisdictions in which it operates. Significant judgment is required for determining AbbVie's tax liabilities, and AbbVie's tax returns will be periodically examined by various tax authorities. Although Abbott will retain the risk for tax

contingencies arising from operations pre-separation, AbbVie will have risks for future tax contingencies arising from operations post-separation. Due to the complexity of tax contingencies, the ultimate resolution of any tax matters related to operations post-separation may result in payments greater or less than amounts accrued.

In addition, AbbVie may be impacted by changes in tax laws, including tax rate changes, changes to the laws related to the treatment and remittance of foreign earnings, new tax laws, and subsequent interpretations of tax law in the United States and other jurisdictions.

***The investment of AbbVie's cash balance and investments in marketable securities are subject to risks that may cause losses and affect the liquidity of these investments.***

AbbVie expects to invest its cash balance in a portfolio of short-term investments, primarily securities of the U.S. federal government and its agencies, U.S. corporate debt securities, U.S. and foreign commercial paper, and certificates of deposit at major banks. These investments will be subject to credit, liquidity, market, and interest rate risks. If such investments suffer market price declines, AbbVie may recognize in its earnings the decline in the fair value of these investments below their cost basis when the decline is judged to be other than temporary. The risks associated with AbbVie's expected cash balance and investment portfolio may have a material adverse effect on AbbVie's results of operations and financial condition.

***AbbVie may need additional financing in the future to meet its capital needs or to make opportunistic acquisitions, and such financing may not be available on favorable terms, if at all, and may be dilutive to existing stockholders.***

AbbVie may need to seek additional financing for its general corporate purposes. For example, it may need to increase its investment in research and development activities or need funds to make acquisitions. AbbVie may be unable to obtain any desired additional financing on terms favorable to it, if at all. If AbbVie fails to obtain or loses an investment grade credit rating or adequate funds are not available on acceptable terms, AbbVie may be unable to fund its expansion, successfully develop or enhance products, or respond to competitive pressures, any of which could negatively affect AbbVie's business. If AbbVie raises additional funds through the issuance of equity securities, its stockholders will experience dilution of their ownership interest. If AbbVie raises additional funds by issuing debt, it may be subject to limitations on its operations due to restrictive covenants.

***AbbVie depends on information technology and a failure of those systems could adversely affect AbbVie's business.***

AbbVie relies on sophisticated information technology systems to operate its business. These systems are potentially vulnerable to malicious intrusion, random attack, or breakdown. Although AbbVie has invested in the protection of its data and information technology and also monitors its systems on an ongoing basis, there can be no assurance that these efforts will prevent breakdowns or breaches in AbbVie's information technology systems that could adversely affect AbbVie's business.

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

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

- changes in or interpretations of laws and regulations, including changes in accounting standards, taxation requirements, product marketing application standards, 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 AbbVie's equity investments, and the performance of investments held by it or its employee benefit trusts;
- changes in the creditworthiness of counterparties that transact business with or provide services to AbbVie or its employee benefit trusts; and
- changes in business, economic, and political conditions, including: war, political instability, terrorist attacks, the threat of future terrorist activity and related military action; natural disasters; 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.

#### **Risks Related to the Separation**

***AbbVie has no history operating as an independent company, and AbbVie's historical and pro forma financial information is not necessarily representative of the results that it would have achieved as a separate, publicly traded company and may not be a reliable indicator of its future results.***

The historical information about AbbVie in this information statement refers to AbbVie's business as operated by and integrated with Abbott. AbbVie's historical and pro forma financial information included in this information statement is derived from the consolidated financial statements and accounting records of Abbott. Accordingly, the historical and pro forma financial information included in this information statement does not necessarily reflect the financial condition, results of operations or cash flows that AbbVie would have achieved as a separate, publicly traded company during the periods presented or those that AbbVie will achieve in the future primarily as a result of the factors described below:

- Prior to the separation, AbbVie's business has been operated by Abbott as part of its broader corporate organization, rather than as an independent company. Abbott or one of its affiliates performed various corporate functions for AbbVie, such as accounting, information technology, and finance. Following the separation, Abbott will provide some of these functions to AbbVie, as described in "Certain Relationships and Related Person Transactions." AbbVie's historical and pro forma financial results reflect allocations of corporate expenses from Abbott for such functions and are likely to be less than the expenses AbbVie would have incurred had it operated as a separate publicly traded company. AbbVie will need to make significant investments to replicate or outsource from other providers certain facilities, systems, infrastructure, and personnel to which AbbVie will no longer have access after its separation from Abbott. These initiatives to develop AbbVie's independent ability to operate without access to Abbott's existing operational and administrative infrastructure will be costly to implement. AbbVie may not be able to operate its business efficiently or at comparable costs, and its profitability may decline;
- Currently, AbbVie's business is integrated with the other businesses of Abbott. AbbVie is able to use Abbott's size and purchasing power in procuring various goods and services and has shared economies of scope and scale in costs, employees, vendor relationships and customer relationships. Although AbbVie will enter into transition agreements with Abbott, these arrangements may not fully capture the benefits AbbVie has enjoyed as a result of being integrated with Abbott and may result in AbbVie paying higher charges than in the past for these services. As a separate, independent company, AbbVie may be unable to obtain goods and services at the prices and terms obtained prior to the separation, which could decrease AbbVie's overall profitability. As a separate, independent company, AbbVie may also not be as successful in negotiating favorable tax treatments and credits with governmental entities. This could have an adverse effect on AbbVie's results of operations and financial condition following the completion of the separation;

- Generally, AbbVie's working capital requirements and capital for its general corporate purposes, including acquisitions, research and development and capital expenditures, have historically been satisfied as part of the corporate-wide cash management policies of Abbott. Following the completion of the separation, AbbVie may need to obtain additional financing from banks, through public offerings or private placements of debt or equity securities, strategic relationships or other arrangements;
- After the completion of the separation, the cost of capital for AbbVie's business may be higher than Abbott's cost of capital prior to the separation; and
- AbbVie's historical financial information does not reflect the issuance of senior notes or the debt it will incur as part of the separation and distribution or its obligations to purchase from Abbott certain operations and assets, and assume the corresponding liabilities, of AbbVie's business after the distribution date.

Other significant changes may occur in AbbVie's cost structure, management, financing and business operations as a result of operating as a company separate from Abbott. For additional information about the past financial performance of AbbVie's business and the basis of presentation of the historical combined financial statements and the unaudited pro forma combined financial statements of AbbVie's business, see "Unaudited Pro Forma Combined Financial Statements," "Selected Historical Combined Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the historical financial statements and accompanying notes included elsewhere in this information statement.

***As AbbVie builds its information technology infrastructure and transitions its data to its own systems, AbbVie could incur substantial additional costs and experience temporary business interruptions.***

After the separation, AbbVie will install and implement information technology infrastructure to support its critical business functions, including accounting and reporting, manufacturing process control, customer service, inventory control and distribution. AbbVie may incur temporary interruptions in business operations if it cannot transition effectively from Abbott's existing transactional and operational systems, data centers and the transition services that support these functions as AbbVie replaces these systems. AbbVie may not be successful in implementing its new systems and transitioning its data, and it may incur substantially higher costs for implementation than currently anticipated. AbbVie's failure to avoid operational interruptions as it implements the new systems and replaces Abbott's information technology services, or its failure to implement the new systems and replace Abbott's services successfully, could disrupt its business and have a material adverse effect on its profitability. In addition, if AbbVie is unable to replicate or transition certain systems, its ability to comply with regulatory requirements could be impaired.

***Abbott may fail to perform under various transaction agreements that have or will be executed as part of the separation or AbbVie may fail to have necessary systems and services in place when certain of the transaction agreements expire.***

In connection with the separation, AbbVie and Abbott has entered into a separation and distribution agreement and will enter into various other agreements, including transition services agreements, a tax sharing agreement, international commercial operations agreements, finished goods supply agreements, contract manufacturing agreements, an employee matters agreement, a special products master agreement, an information technology agreement, and a transitional trademark license agreement. These agreements are discussed in greater detail in the section titled "Certain Relationships and Related Person Transactions." Certain of these agreements will provide for the performance of services by each company for the benefit of the other for a period of time after the separation. AbbVie will rely on Abbott to satisfy its performance and payment obligations under these agreements. If

Abbott is unable to satisfy its obligations under these agreements, including its indemnification obligations, AbbVie could incur operational difficulties or losses.

In addition, AbbVie and Abbott will enter into long-term arrangements under a special products master agreement relating to certain product rights and into an ex-U.S. transition services agreement for Abbott to provide AbbVie with back office functions and other services in certain markets outside the United States until AbbVie has established sufficient back office infrastructure to conduct operations in such markets. These arrangements could lead to disputes between Abbott and AbbVie over AbbVie's rights to certain shared intellectual property and territorial commercialization rights and over the allocation of costs and revenues for AbbVie's products and operations outside of the United States.

If AbbVie does not have in place its own systems and services, or if AbbVie does not have agreements with other providers of these services when the transaction or long-term agreements terminate, AbbVie may not be able to operate its business effectively and its profitability may decline. AbbVie is in the process of creating its own, or engaging third parties to provide, systems and services to replace many of the systems and services Abbott currently provides to it. AbbVie may not be successful in effectively or efficiently implementing these systems and services or in transitioning data from Abbott's systems to AbbVie's. These systems and services may also be more expensive or less efficient than the systems and services Abbott is expected to provide during the transition period.

AbbVie will be developing and implementing its own back office functions, administrative systems, personnel, and processes for markets outside the United States where Abbott will initially provide such functions. There can be no assurance that AbbVie will be able to implement such functions effectively and without disrupting its business in those markets.

***Potential indemnification liabilities to Abbott pursuant to the separation agreement could materially adversely affect AbbVie.***

The separation agreement with Abbott provides for, among other things, the principal corporate transactions required to effect the separation, certain conditions to the separation and provisions governing the relationship between AbbVie and Abbott with respect to and resulting from the separation. For a description of the separation agreement, see "Certain Relationships and Related Person Transactions—The Separation Agreement." Among other things, the separation agreement provides for 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 the separation, as well as those obligations of Abbott assumed by AbbVie pursuant to the separation agreement, including those relating to Depakote. If AbbVie is required to indemnify Abbott under the circumstances set forth in the separation agreement, AbbVie may be subject to substantial liabilities.

***There could be significant liability if the distribution is determined to be a taxable transaction.***

Abbott has received a private letter ruling from the IRS to the effect that, among other things, the separation and the distribution will qualify 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, and it is a condition to the distribution that this private letter ruling shall not be revoked or modified in any material respect. In addition, Abbott has received an opinion from outside tax counsel to the effect that the separation and the distribution will qualify 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 are 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 and AbbVie could incur significant liabilities. For a description of the sharing of such liabilities between Abbott and AbbVie, see "Certain Relationships and Related Person Transactions—Tax Sharing Agreement."

***AbbVie may not be able to engage in certain corporate transactions after the separation.***

To preserve the tax-free treatment to Abbott of the separation and the distribution, under the tax sharing agreement that AbbVie will enter into with Abbott, AbbVie is restricted from taking any action that prevents the distribution and related transactions from being tax-free for U.S. federal income tax purposes. Under the tax sharing agreement, for the two-year period following the distribution, AbbVie will be prohibited, except in certain circumstances, from:

- entering into any transaction resulting in the acquisition of 25% or more of its stock or substantially all of its assets, whether by merger or otherwise;
- merging, consolidating, or liquidating;
- issuing equity securities beyond certain thresholds;
- repurchasing its capital stock; and
- ceasing to actively conduct its business.

These restrictions may limit AbbVie's ability to pursue certain strategic transactions or other transactions that it may believe to be in the best interests of its stockholders or that might increase the value of its business. In addition, under the tax sharing agreement, AbbVie is required to indemnify Abbott against any such tax liabilities as a result of the acquisition of AbbVie's stock or assets, even if it did not participate in or otherwise facilitate the acquisition.

***After the separation, certain of AbbVie's executive officers and directors may have actual or potential conflicts of interest because of their previous or continuing positions at Abbott.***

Because of their current or former positions with Abbott, certain of these expected executive officers and directors own Abbott common shares, options to purchase Abbott common shares or other equity awards. Following the separation, even though AbbVie's board of directors will consist of a majority of directors who are independent, and AbbVie's expected executive officers who are currently employees of Abbott will cease to be employees of Abbott, some AbbVie executive officers and directors continue to have a financial interest in Abbott common shares. In addition, four of AbbVie's directors will continue serving on the board of directors of Abbott. Continuing ownership of Abbott common shares and equity awards, or service as a director at both companies could create, or appear to create, potential conflicts of interest if AbbVie and Abbott pursue the same corporate opportunities or face decisions that could have different implications for AbbVie and Abbott.

***AbbVie may not achieve some or all of the expected benefits of the separation, and the separation may adversely affect AbbVie's business.***

AbbVie may not be able to achieve the full strategic and financial benefits expected to result from the separation, or such benefits may be delayed or not occur at all. The separation and distribution is expected to provide the following benefits, among others: (i) a distinct investment identity allowing investors to evaluate the merits, performance, and future prospects of AbbVie separately from Abbott;

(ii) more efficient allocation of capital for both Abbott and AbbVie; and (iii) direct access by AbbVie to the capital markets.

AbbVie may not achieve these and other anticipated benefits for a variety of reasons, including, among others: (a) the separation will require significant amounts of management's time and effort, which may divert management's attention from operating and growing AbbVie's business; (b) following the separation, AbbVie may be more susceptible to market fluctuations and other adverse events than if it were still a part of Abbott; (c) following the separation, AbbVie's business will be less diversified than Abbott's business prior to the separation; and (d) the other actions required to separate Abbott's and AbbVie's respective businesses could disrupt AbbVie's operations. If AbbVie fails to achieve some or all of the benefits expected to result from the separation, or if such benefits are delayed, the business, financial conditions, and results of operations of AbbVie could be adversely affected.

***AbbVie may have received better terms from unaffiliated third parties than the terms it will receive in its agreements with Abbott.***

The agreements AbbVie will enter into with Abbott in connection with the separation, including transition services agreements, a tax sharing agreement, international commercial operations agreements, finished goods supply agreements, contract manufacturing agreements, an employee matters agreement, a special products master agreement, an information technology agreement, and a transitional trademark license agreement, were prepared in the context of the separation while AbbVie was still a wholly owned subsidiary of Abbott. Accordingly, during the period in which the terms of those agreements were prepared, AbbVie did not have an independent board of directors or a management team that was independent of Abbott. As a result, the terms of those agreements may not reflect terms that would have resulted from arm's-length negotiations between unaffiliated third parties. Arm's-length negotiations between Abbott and an unaffiliated third party in another form of transaction, such as a buyer in a sale of a business transaction, may have resulted in more favorable terms to the unaffiliated third party. See "Certain Relationships and Related Person Transactions."

***After AbbVie's separation from Abbott, AbbVie will have debt obligations that could adversely affect its business and its ability to meet its obligations.***

AbbVie has issued \$14.7 billion in senior notes, including approximately \$3.0 billion in principal amount of certain senior notes issued to Abbott in partial consideration for the transfer of assets from Abbott to AbbVie, and expects to incur an additional \$1 billion in short-term borrowings, as contemplated in the sections captioned "Unaudited Pro Forma Combined Financial Data" and "Description of Material Indebtedness." AbbVie used part of the net proceeds from the sale of the senior notes (other than the senior notes issued to Abbott) to finance the payment of a \$10.2 billion distribution to Abbott, as required by the terms of the separation agreement. Although AbbVie will have approximately \$7.2 billion in cash and short-term investments in total following the distribution, as presented in the section captioned "Unaudited Pro Forma Combined Financial Statements," the amount of debt that AbbVie has incurred and intends to incur could have important consequences to AbbVie and its investors, including:

- requiring a portion of AbbVie's cash flow from operations to make interest payments on this debt;
- increasing AbbVie's vulnerability to general adverse economic and industry conditions;
- reducing the cash flow available to fund capital expenditures and other corporate purposes and to grow AbbVie's business; and
- limiting AbbVie's flexibility in planning for, or reacting to, changes in AbbVie's business and the industry.

To the extent that AbbVie incurs additional indebtedness, the risks described above could increase. In addition, AbbVie's cash flow from operations may not be sufficient to repay all of the outstanding debt as it becomes due, and AbbVie may not be able to borrow money, sell assets, or otherwise raise funds on acceptable terms, or at all, to refinance its debt.

As described in the section entitled "Description of Material Indebtedness," the terms of AbbVie's debt contain covenants restricting its financial flexibility in a number of ways, including among other things, restrictions on AbbVie's ability and the ability of certain of AbbVie's subsidiaries to incur mortgages with respect to principal domestic properties and to enter into sale and leaseback transactions with respect to principal domestic properties, and restrictions on AbbVie's ability to merge or consolidate with any other entity or convey, transfer or lease AbbVie's properties and assets substantially as an entirety. If AbbVie breaches a restrictive covenant under any of its indebtedness, or an event of default occurs in respect of such indebtedness, AbbVie's lenders of such indebtedness may be entitled to declare all amounts owing in respect thereof to be immediately due and payable.

***Challenges in the commercial and credit environment may adversely affect AbbVie's ability to complete the separation and AbbVie's future access to capital.***

AbbVie's ability to issue debt or enter into other financing arrangements on acceptable terms could be adversely affected if there is a material decline in the demand for AbbVie's products or in the solvency of its customers or suppliers or other significantly unfavorable changes in economic conditions. Volatility in the world financial markets could increase borrowing costs or affect AbbVie's ability to access the capital markets. These conditions may adversely affect AbbVie's ability to obtain and maintain investment grade credit ratings prior to and following the separation.

***No vote of the Abbott shareholders is required in connection with this distribution. As a result, if the distribution occurs and you do not want to receive AbbVie common shares in the distribution, your sole recourse will be to divest yourself of your Abbott common shares prior to the record date.***

No vote of the Abbott shareholders is required in connection with the distribution. Accordingly, if the distribution occurs and you do not want to receive AbbVie common shares in the distribution, your only recourse will be to divest yourself of your Abbott common shares prior to the record date for the distribution.

#### **Risks Related to AbbVie's Common Stock**

***AbbVie cannot be certain that an active trading market for its common stock will develop or be sustained after the separation, and following the separation, AbbVie's stock price may fluctuate significantly.***

A public market for AbbVie's common stock does not currently exist. AbbVie anticipates that on or prior to the record date for the distribution, trading of shares of its common stock will begin on a "when-issued" basis and will continue through the distribution date. However, AbbVie cannot guarantee that an active trading market will develop or be sustained for its common stock after the separation. Nor can AbbVie predict the prices at which shares of its common stock may trade after the separation. Similarly, AbbVie cannot predict the effect of the separation on the trading prices of its common stock or whether the combined market value of the shares of AbbVie's common stock and the Abbott common shares will be less than, equal to or greater than the market value of Abbott's common shares prior to the separation.

The market price of AbbVie's common stock may fluctuate significantly due to a number of factors, some of which may be beyond AbbVie's control, including:

- actual or anticipated fluctuations in AbbVie's operating results;
- changes in earnings estimated by securities analysts or AbbVie's ability to meet those estimates;
- the operating and stock price performance of comparable companies;
- changes to the regulatory and legal environment under which AbbVie operates; and
- domestic and worldwide economic conditions.



In addition, when the market price of a company's common stock drops significantly, stockholders often institute securities class action lawsuits against the company. A lawsuit against AbbVie could cause it to incur substantial costs and could divert the time and attention of its management and other resources.

***A number of AbbVie's shares of common stock are or will be eligible for future sale, which may cause AbbVie's stock price to decline.***

Any sales of substantial amounts of AbbVie's common stock in the public market or the perception that such sales might occur, in connection with the distribution or otherwise, may cause the market price of AbbVie's common stock to decline. Upon completion of the distribution, AbbVie expects that it will have an aggregate of approximately 1.58 billion shares of its common stock issued and outstanding on January 1, 2013. These shares will be freely tradeable without restriction or further registration under the U.S. Securities Act of 1933, as amended (the Securities Act), unless the shares are owned by one of AbbVie's "affiliates," as that term is defined in Rule 405 under the Securities Act.

AbbVie is unable to predict whether large amounts of its common stock will be sold in the open market following the distribution. AbbVie is also unable to predict whether a sufficient number of buyers would be in the market at that time. A portion of Abbott's common stock is held by index funds tied to the Standard & Poor's 500 Index or other stock indices. If AbbVie is not included in these indices at the time of distribution, these index funds will be required to sell AbbVie's stock.

***AbbVie cannot guarantee the timing, amount, or payment of dividends on its common stock.***

Although AbbVie expects to pay regular cash dividends following the separation, the timing, declaration, amount and payment of future dividends to stockholders will fall within the discretion of AbbVie's board of directors. The board's decisions regarding the payment of dividends will depend on many factors, such as AbbVie's financial condition, earnings, capital requirements, debt service obligations, industry practice, legal requirements, regulatory constraints, and other factors that the board deems relevant. For more information, see "Dividend Policy." AbbVie's ability to pay dividends will depend on its ongoing ability to generate cash from operations and access capital markets. AbbVie cannot guarantee that it will pay a dividend in the future or continue to pay any dividend if AbbVie commences paying dividends.

***Your percentage of ownership in AbbVie may be diluted in the future.***

In the future, your percentage ownership in AbbVie may be diluted because of equity issuances for acquisitions, capital market transactions or otherwise, including equity awards that AbbVie will be granting to AbbVie's directors, officers and employees. AbbVie's employees will have options to purchase shares of its common stock after the distribution as a result of conversion of their Abbott stock options (in whole or in part) to AbbVie stock options. AbbVie anticipates its compensation committee will grant additional stock options or other stock-based awards to its employees after the distribution. Such awards will have a dilutive effect on AbbVie's earnings per share, which could adversely affect the market price of AbbVie's common stock. From time to time, AbbVie will issue additional options or other stock-based awards to its employees under AbbVie's employee benefits plans.

In addition, AbbVie's amended and restated certificate of incorporation will authorize AbbVie to issue, without the approval of AbbVie's stockholders, one or more classes or series of preferred stock having such designation, powers, preferences and relative, participating, optional and other special rights, including preferences over AbbVie's common stock respecting dividends and distributions, as AbbVie's board of directors generally may determine. The terms of one or more classes or series of preferred stock could dilute the voting power or reduce the value of AbbVie's common stock. For

example, AbbVie could grant the holders of preferred stock the right to elect some number of AbbVie's directors in all events or on the happening of specified events or the right to veto specified transactions. Similarly, the repurchase or redemption rights or liquidation preferences AbbVie could assign to holders of preferred stock could affect the residual value of the common stock. See "Description of AbbVie's Capital Stock."

***Certain provisions in AbbVie's amended and restated certificate of incorporation and amended and restated by-laws, and of Delaware law, may prevent or delay an acquisition of AbbVie, which could decrease the trading price of AbbVie's common stock.***

AbbVie's amended and restated certificate of incorporation and amended and restated by-laws will contain, and Delaware law contains, provisions that are intended to deter coercive takeover practices and inadequate takeover bids by making such practices or bids unacceptably expensive to the bidder and to encourage prospective acquirors to negotiate with AbbVie's board of directors rather than to attempt a hostile takeover. These provisions include, among others:

- the inability of AbbVie's stockholders to call a special meeting;
- rules regarding how stockholders may present proposals or nominate directors for election at stockholder meetings;
- the right of AbbVie's board to issue preferred stock without stockholder approval;
- the division of AbbVie's board of directors into three classes of directors, with each class serving a staggered three-year term;
- a provision that stockholders may only remove directors with cause;
- the ability of AbbVie's directors, and not stockholders, to fill vacancies on AbbVie's board of directors; and
- the requirement that the affirmative vote of stockholders holding at least 80 percent of AbbVie's voting stock is required to amend certain provisions in AbbVie's amended and restated certificate of incorporation and AbbVie's amended and restated by-laws relating to the number, term and election of AbbVie's directors, the filling of board vacancies, the calling of special meetings of stockholders and director and officer indemnification provisions.

In addition, because AbbVie has not chosen to be exempt from Section 203 of the Delaware General Corporation Law, this provision could also delay or prevent a change of control that you may favor. Section 203 provides that, subject to limited exceptions, persons that acquire, or are affiliated with a person that acquires, more than 15 percent of the outstanding voting stock of a Delaware corporation shall not engage in any business combination with that corporation, including by merger, consolidation or acquisitions of additional shares, for a three-year period following the date on which that person or its affiliates becomes the holder of more than 15 percent of the corporation's outstanding voting stock.

AbbVie believes these provisions will protect its stockholders from coercive or otherwise unfair takeover tactics by requiring potential acquirors to negotiate with AbbVie's board of directors and by providing AbbVie's board of directors with more time to assess any acquisition proposal. These provisions are not intended to make the company immune from takeovers. However, these provisions will apply even if the offer may be considered beneficial by some stockholders and could delay or prevent an acquisition that AbbVie's board of directors determines is not in the best interests of AbbVie and AbbVie's stockholders. These provisions may also prevent or discourage attempts to remove and replace incumbent directors.

Several of the agreements that AbbVie has entered into with Abbott require Abbott's consent to any assignment by AbbVie of its rights and obligations under the agreements. These agreements will generally expire within two years of AbbVie's separation from Abbott, except for certain agreements that will continue for longer terms and in some cases for the life of the products covered by the agreements. The consent and termination rights set forth in these agreements might discourage, delay or prevent a change of control that you may consider favorable. See "Certain Relationships and Related Person Transactions" and "Description of AbbVie's Capital Stock" for a more detailed description of these agreements and provisions.

In addition, an acquisition or further issuance of AbbVie's stock could trigger the application of Section 355(e) of the Internal Revenue Code. For a discussion of Section 355(e), see "Material U.S. Federal Income Tax Consequences." Under the tax sharing agreement, AbbVie would be required to indemnify Abbott for the resulting tax, and this indemnity obligation might discourage, delay or prevent a change of control that you may consider favorable.

#### CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This information statement and other materials Abbott and AbbVie have filed or will file with the SEC contain, or will contain, certain forward-looking statements regarding business strategies, market potential, future financial performance and other matters. The words "believe," "expect," "anticipate," "project" and similar expressions, among others, generally identify "forward-looking statements," which speak only as of the date the statements were made. The matters discussed in these forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from those projected, anticipated or implied in the forward-looking statements. In particular, information included under "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Business," and "The Separation and Distribution" contain forward-looking statements. Where, in any forward-looking statement, an expectation or belief as to future results or events is expressed, such expectation or belief is based on the current plans and expectations of AbbVie management and expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the expectation or belief will result or be achieved or accomplished. Factors that could cause actual results or events to differ materially from those anticipated include the matters described under "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

## DIVIDEND POLICY

AbbVie expects that it will pay a regular cash dividend at an annual rate of \$1.60 per share, starting with the quarterly dividend to be paid in February 2013. However, the timing, declaration, amount of, and payment of any dividends following the separation by AbbVie is within the discretion of its board of directors and will depend upon many factors, including AbbVie's financial condition, earnings, capital requirements of its operating subsidiaries, covenants associated with certain of AbbVie's debt service obligations, legal requirements, regulatory constraints, industry practice, ability to access capital markets, and other factors deemed relevant by its board of directors. Moreover, if AbbVie determines to pay any dividend in the future, there can be no assurance that it will continue to pay such dividends or the amount of such dividends.

## CAPITALIZATION

The following table sets forth AbbVie's capitalization as of September 30, 2012 on a historical basis and on a pro forma basis to give effect to the pro forma adjustments included in AbbVie's unaudited pro forma financial information. The information below is not necessarily indicative of what AbbVie's capitalization would have been had the separation, distribution and related financing transactions been completed as of September 30, 2012. In addition, it is not indicative of AbbVie's future capitalization. This table should be read in conjunction with "Unaudited Pro Forma Combined Financial Statements," "Selected Historical Combined Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations," and AbbVie's combined financial statements and notes included elsewhere in this information statement.

	As of September 30, 2012	
	(dollars in millions)	
	Actual	Pro Forma
Debt:		
Short-term borrowings	\$ —	\$ 1,000
Long-term debt	—	14,700
Total debt	—	15,700
Equity:		
Common stock, par value \$0.01 per share	—	16
Additional paid-in capital	—	3,251
Net parent company investment in AbbVie	15,834	—
Accumulated other comprehensive income (loss)	(165)	(1,037)
Total Capitalization	\$ 15,669	\$ 17,930

## UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS

The following unaudited pro forma combined financial statements consist of unaudited pro forma combined statements of earnings for the nine months ended September 30, 2012 and for the year ended December 31, 2011 and an unaudited pro forma condensed combined balance sheet as of September 30, 2012. The unaudited pro forma combined financial statements reported below should be read in conjunction with AbbVie's "Management's Discussion and Analysis of Financial Condition and Results of Operations," the historical combined annual and condensed interim financial statements and the corresponding notes included elsewhere in this information statement.

The following unaudited pro forma condensed combined balance sheet and statements of earnings have been derived from AbbVie's historical combined annual and condensed interim financial statements included elsewhere in this information statement. The statements are for informational purposes only and do not purport to represent what AbbVie's financial position and results of operations actually would have been had the separation and distribution occurred on the dates indicated, or to project AbbVie's financial performance for any future period.

Abbott did not account for AbbVie as, and AbbVie was not operated as a separate, independent company for the periods presented. Due to regulations governing the preparation of pro forma financial statements, the pro forma financial statements do not reflect certain estimated incremental expenses associated with being an independent, public company because they are projected amounts based on judgmental estimates and are not factually supportable. The estimated incremental expenses associated with being an independent, public company include costs for information technology and costs associated with corporate administrative services such as tax, treasury, audit, risk management, legal, stockholder relations and human resources.

The pro forma balance sheet adjustments assume that AbbVie's separation from Abbott occurred as of September 30, 2012. The pro forma adjustments to the combined statements of earnings for the nine months ended September 30, 2012 and for the year ended December 31, 2011 assume that the separation occurred as of January 1, 2011.

The unaudited pro forma combined statements of earnings for the nine months ended September 30, 2012 and for the year ended December 31, 2011 and the unaudited pro forma condensed combined balance sheet as of September 30, 2012 have been adjusted to give effect to the following transactions:

- the contribution by Abbott to AbbVie of the assets and liabilities that comprise AbbVie's business,
- the transfer of various corporate and other assets and liabilities not included in AbbVie's historical combined balance sheet,
- the issuance of \$15.7 billion of debt, which includes the issuance of \$14.7 billion of senior notes,
- the issuance of approximately 1,580,668,000 shares of AbbVie's common stock, and
- the impact of the separation agreement, the tax matters agreement, transition services agreements, the employee matters agreement, finished goods supply agreements and contract manufacturing agreements between AbbVie and Abbott and the provisions contained therein.

**ABBVIE**  
**THE RESEARCH-BASED PHARMACEUTICALS BUSINESS OF ABBOTT LABORATORIES**  
**UNAUDITED PRO FORMA COMBINED STATEMENT OF EARNINGS**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2012**  
**(Dollars and Shares in Millions, Except Per Share Amounts)**

	Historical	Pro Forma Adjustments	Pro Forma
Net Sales	\$ 13,174	\$ 151(A)	\$ 13,325
Cost of products sold	3,243	131(A)(B)(I)(K)	3,374
Research and development	2,097	(8)(I)(K)	2,089
Acquired in-process and collaborations research and development	260	—	260
Selling, general and administrative	3,578	(107)(B)(I)(K)	3,471
Total Operating Cost and Expenses	9,178	16	9,194
Operating Earnings	3,996	135	4,131
Net foreign exchange (gain) loss	27	—	27
Interest expense, net	—	219(C)	219
Other (income) expense, net	(43)	(10)(K)	(53)
Earnings Before Taxes	4,012	(74)	3,938
Taxes on Earnings	277	(66)(D)	211
Net Earnings	\$ 3,735	\$ (8)	\$ 3,727
Unaudited Pro Forma Earnings Per Share			
Basic	N/A		2.34
Diluted	N/A		2.31
Average Number of Shares Used in Calculating Earnings Per Share			
Basic	N/A	(E)	1,583
Diluted	N/A	(F)	1,600

See accompanying notes to Unaudited Pro Forma Combined Financial Statements.



**ABBVIE**  
**THE RESEARCH-BASED PHARMACEUTICALS BUSINESS OF ABBOTT LABORATORIES**  
**UNAUDITED PRO FORMA COMBINED STATEMENT OF EARNINGS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

(Dollars and Shares in Millions, Except Per Share Amounts)

	Historical	Pro Forma Adjustments	Pro Forma
Net Sales	\$ 17,444	\$ 195(A)	\$ 17,639
Cost of products sold	4,639	208(A)(B)(I)	4,847
Research and development	2,618	(4)(I)	2,614
Acquired in-process and collaborations research and development	673	—	673
Selling, general and administrative	5,894	—(B)(I)	5,894
Total Operating Cost and Expenses	13,824	204	14,028
Operating Earnings	3,620	(9)	3,611
Net foreign exchange (gain) loss	(30)	—	(30)
Interest expense, net	—	292(C)	292
Other (income) expense, net	(18)	—	(18)
Earnings Before Taxes	3,668	(301)	3,367
Taxes on Earnings	235	(111)(D)	124
Net Earnings	<u>\$ 3,433</u>	<u>\$ (190)</u>	<u>\$ 3,243</u>
Unaudited Pro Forma Earnings Per Share			
Basic	N/A		2.05
Diluted	N/A		2.03
Average Number of Shares Used in Calculating Earnings Per Share			
Basic	N/A	(E)	1,572
Diluted	N/A	(F)	1,585

See accompanying notes to Unaudited Pro Forma Combined Financial Statements.

**ABBVIE**  
**THE RESEARCH-BASED PHARMACEUTICALS BUSINESS OF ABBOTT LABORATORIES**  
**UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET**  
**AS OF SEPTEMBER 30, 2012**

(Dollars in Millions)

	Historical	Pro Forma Adjustments	Pro Forma
<b>Current Assets:</b>			
Cash and cash equivalents	\$ 2,761	\$ 2,615(G)	\$ 5,376
Investments	1,824	—	1,824
Trade receivables	3,098	—	3,098
Inventories	959	—	959
Deferred income taxes, prepaid expenses and other receivables	2,289	—	2,289
<b>Total Current Assets</b>	<b>10,931</b>	<b>2,615</b>	<b>13,546</b>
Investments	203	—	203
Net property and equipment	2,139	34(I)	2,173
Intangible assets, net of amortization	2,431	—	2,431
Goodwill	6,092	—	6,092
Deferred income taxes and other assets	934	569(G)(I)	1,503
<b>Total Assets</b>	<b>\$ 22,730</b>	<b>\$ 3,218</b>	<b>\$ 25,948</b>
<b>Current Liabilities:</b>			
Short-term borrowings	\$ —	\$ 1,000(G)	\$ 1,000
Trade accounts payable	424	—	424
Salaries, wages and commissions	520	—	520
Accrued sales rebates	1,698	—	1,698
Other accrued liabilities	2,726	—	2,726
<b>Total Current Liabilities</b>	<b>5,368</b>	<b>\$ 1,000</b>	<b>6,368</b>
Long-term Debt	—	14,700(C)(G)	14,700
Other Long-term Liabilities	1,693	957(I)	2,650
Common Stock	—	16(H)	16
Additional Paid-in Capital	—	3,251(H)	3,251
Net parent company investment in AbbVie	15,834	(15,834)(H)	—
Accumulated other comprehensive income (loss)	(165)	(872)(I)	(1,037)
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 22,730</b>	<b>\$ 3,218</b>	<b>\$ 25,948</b>

See accompanying notes to Unaudited Pro Forma Combined Financial Statements.

**ABBVIE**  
**THE RESEARCH-BASED PHARMACEUTICALS BUSINESS OF ABBOTT LABORATORIES**  
**NOTES TO UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS**

- (A) Reflects the effect of the actual finished goods supply agreements and contract manufacturing agreements that AbbVie and Abbott will enter into prior to separation. The financial terms are not expected to change. The revenue adjustment reflects the revenue that AbbVie will record for product manufactured and sold to Abbott under these arrangements. Pricing under these arrangements will reflect AbbVie's costs plus a manufacturing profit. The Cost of products sold adjustment reflects the costs incurred to manufacture certain products for Abbott as well as an adjustment for certain manufacturing costs previously allocated to other Abbott businesses that will not be charged to Abbott under the supply and manufacturing agreements. Historically, inventory transfers between AbbVie and Abbott were recorded at cost.
- (B) Reflects \$11 million for 2011 and \$8 million for the nine months of 2012 for the difference in costs to be incurred by AbbVie for the services to be provided by Abbott or AbbVie to the other party under the actual transition services agreements that AbbVie and Abbott will enter into prior to separation. The financial terms are not expected to change.
- (C) Reflects interest expense related to approximately \$14.7 billion of long-term debt and \$1.0 billion of short-term borrowings that AbbVie expects to issue. AbbVie has entered into interest rate swaps on a certain portion of the debt to convert its fixed interest rates to floating rates. Based on AbbVie's current debt rating, the weighted-average interest rate on the debt is expected to be approximately 1.86%. The interest rate reflects the impact of interest rate swaps on a portion of the debt. Interest expense was calculated assuming constant debt levels throughout the periods. Interest expense may be higher or lower if AbbVie's actual interest rate or credit ratings change. A <sup>1</sup>/<sub>8</sub>% change to the annual interest rate would change interest expense by approximately \$20 million on an annual basis.
- (D) Reflects the tax effects of the pro forma adjustments at the applicable statutory income tax rates.
- (E) The number of AbbVie shares used to compute basic earnings per share for the year ended December 31, 2011 and for the nine months ended September 30, 2012 is based on the number of shares of AbbVie common stock assumed to be outstanding on the distribution date, based on the number of Abbott common shares outstanding on December 31, 2011 and September 30, 2012, respectively, assuming a distribution ratio of one share of AbbVie common stock for each Abbott common share outstanding. The number of Abbott shares used to determine the assumed distribution reflects the Abbott shares outstanding as of each balance sheet date, which is the most current information as of the date of those financial statements.
- (F) The number of shares used to compute diluted earnings per share is based on the number of basic shares of AbbVie common stock as described in Note E above, plus incremental shares assuming exercise of dilutive outstanding options and restricted stock awards.
- (G) Reflects the issuance of approximately \$15.7 billion in debt, less debt issuance costs of \$67 million and the net distribution of approximately \$8.5 billion cash to Abbott. The \$15.7 billion in debt includes \$14.7 billion of long-term debt and \$1 billion of short-term borrowings. In conjunction with the formation of new AbbVie entities in various countries, Abbott contributed cash to these entities. As a result of the cash contributed by Abbott, the funds raised in the debt issuance, and cash generated by AbbVie's operations, AbbVie distributed \$10.2 billion in cash and \$3.0 billion in debt securities to Abbott (which notes were thereafter immediately exchanged by Abbott with a third party for existing commercial paper of Abbott in satisfaction and discharge of such commercial paper) and AbbVie will begin operation as an independent company with approximately \$7.2 billion of cash and investments.

- (H) On the distribution date, Abbott's net investment in AbbVie will be redesignated as AbbVie Shareholders' Equity and will be allocated between common stock and additional paid in capital based on the number of shares of AbbVie common stock outstanding at the distribution date. The cash distribution described in (G) will reduce Abbott's net investment in AbbVie prior to the redesignation of the investment as AbbVie Shareholders' Equity.
- (I) Reflects \$957 million of liabilities and \$503 million of assets related to the net retirement obligations and associated deferred taxes that are expected to be transferred to AbbVie. The transfer would have reduced operating expenses by \$22 million for the first nine months of 2012 and \$21 million for 2011.
- (J) Reflects various corporate and other assets and liabilities to be transferred to AbbVie. These will include a portion of shared information technology assets. There may be additional information technology assets to be transferred to AbbVie at separation for which the transfer has not been finalized. Depreciation on the assets to be transferred to AbbVie was previously charged to AbbVie through allocations from Abbott corporate functions.
- The pro forma adjustments do not include adjustments for lease agreements that AbbVie and Abbott will enter into prior to the distribution pursuant to which AbbVie will lease certain office, warehouse and manufacturing space, including a portion of Abbott Park. AbbVie estimates that it will record a capital lease liability and a corresponding lease asset of approximately \$25 million related to the Abbott Park space.
- (K) Reflects the removal of \$122 million of separation costs incurred during the historical period that are directly related to the separation of AbbVie from Abbott.

**SELECTED HISTORICAL COMBINED FINANCIAL DATA**

The following table sets forth AbbVie's selected financial information derived from its (i) unaudited combined financial statements as of December 31, 2009, 2008 and 2007 and for the years ended December 31, 2008 and 2007, which are not included in this information statement; (ii) audited combined financial statements as of December 31, 2011 and 2010 and for the years ended December 31, 2011, 2010 and 2009, which are included elsewhere in this information statement; (iii) unaudited interim combined financial statements as of September 30, 2012 and for the nine months ended September 30, 2012 and 2011, which are included elsewhere in this information statement; and (iv) unaudited interim combined balance sheet as of September 30, 2011, which is not included in this information statement. The historical financial information presented may not be indicative of the results of operations or financial position that would have been obtained if AbbVie had been an independent company during the periods shown or of AbbVie's future performance as an independent company.

The selected financial information should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations," the unaudited pro forma combined financial statements and the corresponding notes included elsewhere in this information statement.

	For the Nine Months Ended September 30,		For the Years Ended December 31,				
	2012	2011	2011	2010	2009	2008	2007
(dollars in millions)							
<b>Combined Statement of Earnings Data:</b>							
Net Sales	\$ 13,174	\$ 12,580	\$ 17,444	\$ 15,638	\$ 14,214	\$ 14,179	\$ 12,236
Net Earnings	3,735	2,276	3,433	4,178	4,636	4,058	3,201
<b>Combined Balance Sheet Data:</b>							
Total Assets	22,730	20,036	19,657	21,135	15,858	16,601	15,669

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF  
FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

*You should read the following discussion in conjunction with the audited combined financial statements and the corresponding notes, the unaudited interim condensed combined financial statements and the corresponding notes, and the unaudited pro forma combined financial statements and the corresponding notes included elsewhere in this information statement. This Management's Discussion and Analysis of Financial Condition and Results of Operations contains forward-looking statements. The matters discussed in these forward-looking statements are subject to risk, uncertainties, and other factors that could cause actual results to differ materially from those made, projected or implied in the forward-looking statements. Please see "Risk Factors" and "Cautionary Statement Concerning Forward-Looking Statements" for a discussion of the uncertainties, risks and assumptions associated with these statements.*

**Separation from Abbott**

On October 19, 2011, Abbott announced its plan to separate into two independent publicly traded companies, one in diversified medical products and the other in research-based pharmaceuticals. For purposes of this discussion, AbbVie refers to the research-based pharmaceuticals business of Abbott prior to separation. To accomplish this separation, Abbott created a new company, AbbVie Inc. to be the parent company for the research-based pharmaceuticals business. AbbVie Inc. was incorporated in Delaware on April 10, 2012 and is currently a wholly owned subsidiary of Abbott. To effect the separation, Abbott will make a pro rata distribution of AbbVie Inc.'s common stock to Abbott's shareholders. The distribution is subject to a number of conditions, including the receipt of a private letter ruling from the Internal Revenue Service to the effect that, among other things, the distribution will qualify as a tax-free transaction for U.S. federal income tax purposes. See "The Separation and Distribution" section of this information statement for additional details on these conditions. After the distribution, AbbVie Inc. will operate as an independent, publicly-traded company.

AbbVie's products are materially consistent with the products sold by Abbott's Proprietary Pharmaceutical Products segment as reported in Abbott's annual report on Form 10-K for the year ended December 31, 2011. In addition, AbbVie's sales include Abbott's contract manufacturing of pharmaceutical products. AbbVie's historical combined financial statements have been prepared on a stand-alone basis and are derived from Abbott's consolidated financial statements and accounting records. The combined financial statements reflect AbbVie's financial position, results of operations, and cash flows as its business was operated as part of Abbott prior to the distribution, in conformity with U.S. generally accepted accounting principles.

The combined financial statements include the allocation of certain assets and liabilities that have historically been held at the Abbott corporate level but which are specifically identifiable or allocable to AbbVie. Cash and cash equivalents, short-term investments and restricted funds held by Abbott were not allocated to AbbVie unless the cash or investments were held by an entity that is expected to be transferred to AbbVie. Long-term debt and short-term borrowings were not allocated to AbbVie as none of the debt recorded by Abbott is directly attributable to or guaranteed by AbbVie. All intracompany transactions and accounts have been eliminated. All intercompany transactions between AbbVie and Abbott are considered to be effectively settled in the combined financial statements at the time the transactions are recorded. The total net effect of the settlement of these intercompany transactions is reflected in the combined statement of cash flow as a financing activity and in the combined balance sheet as Net parent company investment in AbbVie.

The historical financial statements do not necessarily include all of the expenses that would have been incurred had AbbVie been a separate, stand-alone entity and may not necessarily reflect AbbVie's results of operations, financial position and cash flows had AbbVie been a stand-alone company during the periods presented. AbbVie's historical financial statements include an allocation of expenses related to certain Abbott corporate functions, including senior management, legal, human resources, finance,

information technology, and quality assurance. These expenses have been allocated to AbbVie based on direct usage or benefit where identifiable, with the remainder allocated on a pro rata basis of revenues, headcount, square footage, number of transactions or other measures. AbbVie considers the expense allocation methodology and results to be reasonable for all periods presented. However, the allocations may not be indicative of the actual expenses that would have been incurred had AbbVie operated as an independent, publicly-traded company for the periods presented.

AbbVie expects to incur additional costs associated with being an independent, publicly-traded company, primarily from higher charges than in the past from Abbott for various services that will continue to be provided on a transition basis and from newly established or expanded corporate functions. AbbVie believes that cash flow from operations will be sufficient to fund these additional corporate expenses.

## Overview and Outlook

AbbVie's revenues are derived primarily from the sale of a broad line of proprietary pharmaceutical products manufactured in AbbVie facilities and by third party manufacturers and sold to customers under short-term receivable arrangements. AbbVie operates in one business segment—pharmaceutical products. Substantially all of AbbVie's U.S. sales are to three wholesalers. Sales in markets outside the U.S. are approximately 45 percent of combined net sales. Patent protection and licenses, efficacy and safety of AbbVie products relative to other pharmaceuticals for a therapeutic category, and inclusion of AbbVie's products under a contract or by a pharmacy benefit manager most impact which products are sold; price controls, competition, and rebates, along with government budgets outside the U.S., most impact the net selling prices of products; and foreign currency translation impacts the measurement of net sales and costs.

Robust growth of HUMIRA in a broad range of indications, the acquisition of Solvay Group S.A.'s U.S. pharmaceuticals business and certain other product rights, the loss of patent protection for some pharmaceutical products, a federal government investigation of AbbVie's sales and marketing activities related to Depakote which has now been settled and the challenging economic environment in many countries around the world have impacted AbbVie's sales, costs and financial position over the last three years.

In 2003, AbbVie began the worldwide launch of HUMIRA for rheumatoid arthritis, followed by launches for five additional indications, which increased HUMIRA's worldwide sales to \$7.9 billion in 2011 compared to \$6.5 billion in 2010, and \$5.6 billion in 2009. HUMIRA received approval for the treatment of moderately to severely active ulcerative colitis in adult patients who have had an inadequate response to conventional therapy from the European Commission in April 2012 and from the FDA in October 2012. In July 2012, HUMIRA received approval from the European Commission for the treatment of severe axial spondyloarthritis in adult patients who have no X-ray evidence of structural damage, and in November 2012, it received approval from the European Commission for the treatment of pediatric patients aged 6 to 17 years with severe active Crohn's disease who failed, are intolerant to, or have contraindications to conventional therapy. AbbVie forecasts low double-digit growth for worldwide HUMIRA sales in 2012. AbbVie is studying additional indications for HUMIRA. Substantial research and development and selling support has been and continues to be dedicated to maximizing the worldwide potential of HUMIRA.

The acquisition of Solvay's U.S. pharmaceuticals business and certain other product rights for \$1.9 billion in February 2010 added several new products, including the U.S. rights to AndroGel and Creon, to AbbVie's portfolio. Increased generic competition resulted in U.S. Depakote sales declining from approximately \$330 million in 2009 to approximately \$150 million in 2011. Generic competition began in November 2012 for TriCor and is expected to begin in the second half of 2013 for Niaspan and in the second half of 2013 or early 2014 for Trilipix. As a result, sales for AbbVie's combined lipid franchise including TriCor, Trilipix, Niaspan and Simcor are expected to total less than \$1.0 billion in

2013. The decrease in U.S. sales of Zemplar from \$592 million in 2009 to \$255 million in 2011 reflects the impact of changes in reimbursement regulations resulting from U.S. health care reform legislation. Austerity measures implemented by several European countries reduced health care spending and affected pharmaceuticals pricing in those countries in 2011 and 2010, and the impact is expected to continue in 2012.

Research and development is focused on therapeutic areas that include immunology, oncology, neuroscience, pain management, virology, renal disease and women's health. During the last three years, AbbVie acquired the rights to various in-process research and development projects, including the development of second-generation oral antioxidant inflammation modulators, a product for the treatment of chronic kidney disease and an oral, next-generation JAK1 inhibitor with the potential to treat rheumatoid arthritis and other autoimmune diseases. The April 2010 acquisition of Facet Biotech also enhanced AbbVie's early and mid-stage pipeline and included a biologic for multiple sclerosis and an oncology compound.

In 2010, the U.S. government passed health care reform legislation which included an increase in Medicaid rebate rates and the extension of the rebate to drugs provided through Medicaid managed care organizations beginning in 2010. The legislation also imposed annual fees which pharmaceuticals manufacturers began paying in 2011, as well as additional rebates related to the Medicare Part D "donut hole" beginning in 2011. The legislation's negative impact on AbbVie's performance grew from more than \$200 million in 2010 to approximately \$400 million in 2011 and is expected to remain approximately \$400 million in 2012. The \$400 million in 2011 included approximately \$100 million for the annual pharmaceuticals manufacturing fee. This fee is not tax-deductible and is included in Selling, general, and administrative expenses.

During the next few years, AbbVie will focus on several key initiatives. AbbVie will continue maximizing the market potential of HUMIRA and other products, including AndroGel, Lupron, Synthroid, and Creon as well as advancing its research and development pipeline and investing in emerging markets. Research and development efforts will continue to focus a significant portion of expenditures on compounds for immunology, oncology, neuroscience, pain management, virology, renal disease and women's health. Current research and development projects are described in the "Research and Development Programs" section below.

Subsequent to the separation, AbbVie expects to incur one-time costs primarily to establish certain stand-alone AbbVie functions and information technology systems, further establish its infrastructure outside the U.S. and to complete the separation in certain countries. A portion of these expenditures will be capitalized and depreciated over the assets' useful lives while the remainder will be expensed as incurred, depending on the nature of the cost. AbbVie expects to fund these costs with cash from operating activities.

#### **Critical Accounting Policies**

*Revenue Recognition and Sales Rebates*—AbbVie recognizes revenue when persuasive evidence of an arrangement exists, delivery has occurred, the sales price is fixed or determinable, and collectability of the sales price is reasonably assured. Revenue from product sales is recognized when title and risk of loss have passed to the customer.

Approximately 67 percent of AbbVie's gross revenues are subject to various forms of rebates and allowances that AbbVie records as reductions of revenues at the time of sale. AbbVie provides rebates to pharmacy benefit management companies, state agencies that administer the federal Medicaid program, insurance companies that administer Medicare drug plans, 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. For each type of rebate, the factors used in the calculations of the accrual for that rebate include the identification of which products have been sold subject to the rebate, which customer or government agency price terms



apply for that rebate, and the estimated lag time between sale and payment of the rebate. Using historical trends for that rebate, adjusted for current changes, AbbVie estimates the amount of the rebate that will be paid, and records the liability as a reduction of gross sales when AbbVie records its sale of the product. Settlement of the rebate generally occurs from two to eight months after sale. AbbVie 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 2011, 2010 and 2009 amounted to approximately \$3.7 billion, \$3.4 billion and \$2.7 billion, respectively, or 25.3 percent, 28.2 percent and 26.0 percent, respectively, based on gross sales of approximately \$14.7 billion, \$12.1 billion and \$10.3 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 \$147 million in 2011. AbbVie 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 \$292 million, \$263 million and \$215 million for cash discounts in 2011, 2010 and 2009, respectively, and \$325 million, \$190 million and \$128 million for returns in 2011, 2010 and 2009, respectively. Cash discounts can be reliably estimated. Product returns can be reliably estimated because AbbVie'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 U.S., the most significant charges against gross sales are for Medicaid and Medicare rebates, pharmacy benefit manager rebates and wholesaler chargebacks. Medicaid rebates relate to the Federal Medicaid program, which is administered by state agencies, whereby rebates are provided to participating state and local government entities under various laws and regulations, and in some cases supplemental rebates are also provided to the states under contractual agreements. Medicare rebates are negotiated with managed care organizations that manage prescription drug plans covering the Medicare Part D drug benefit. Pharmacy benefit manager rebates arise from contractual agreements with private health care plans that seek to reduce costs by negotiating discounts with pharmaceuticals manufacturers. Under wholesaler chargeback programs, the wholesaler charges AbbVie back for the difference between the price paid by the wholesaler to AbbVie and the price paid by the end customer to the wholesaler under contractual discount agreements negotiated between AbbVie and the end customer. In order to evaluate the adequacy of the ending accrual balances, for each type of rebate, management uses both internal and external data to estimate the level of inventory in the distribution channel and the rebate claims processing lag time for that rebate. External data sources used to estimate the inventory in the distribution channel include inventory levels periodically reported by wholesalers. Management estimates the processing lag time based on periodic sampling of claims data. To estimate the price rebate percentage, systems and calculations are used to track sales by product and by customer and to estimate the contractual or statutory price. AbbVie's systems and calculations have developed over time as rebates have become more significant, and AbbVie believes they are reliable.

The following table is an analysis of the three largest rebate accruals, which comprise approximately 86 percent of the combined rebate provisions charged against revenues in 2011.

	U.S. Pharmaceutical Products		
	Medicaid and Medicare Rebates	Pharmacy Benefit Manager Rebates	Wholesaler Chargebacks
Balance at January 1, 2009	\$ 295	\$ 228	\$ 146
Provisions	563	505	1,134
Payments	(506)	(494)	(1,120)
Balance at December 31, 2009	352	239	160
Provisions	899	841	1,162
Payments	(617)	(670)	(1,163)
Balance at December 31, 2010	634	410	159
Provisions	985	831	1,361
Payments	(899)	(735)	(1,349)
Balance at December 31, 2011	\$ 720	\$ 506	\$ 171

Historically, adjustments to prior years' rebate accruals have not been material to net income. AbbVie 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 Medicaid, Medicare and other government agency programs, the calculation of a rebate involves interpretations of relevant regulations, which are subject to challenge or change in interpretation.

*Income Taxes*—In AbbVie's combined financial statements, income tax expense and deferred tax balances have been calculated on a separate tax return basis although AbbVie's operations have historically been included in the tax returns filed by the respective Abbott entities of which the AbbVie business is a part. In the future, as a stand-alone entity, AbbVie will file tax returns on its own behalf and its deferred taxes and effective tax rate may differ from those in the historical periods.

AbbVie does not maintain an income taxes payable to/from account with Abbott. With the exception of certain entities outside the U.S. that will transfer to AbbVie at separation, AbbVie is deemed to settle current tax balances with the Abbott tax paying entities in the respective jurisdictions. These settlements are reflected as changes in Net parent company investment in AbbVie.

AbbVie operates in numerous countries where the tax returns of the Abbott entity of which AbbVie is a part are subject to audits and adjustments. Because AbbVie operates worldwide, the nature of the audit items are often very complex, and the objectives of the government auditors can result in a tax on the same income in more than one country. In accordance with the accounting rules relating to the measurement of tax contingencies, in order to recognize an uncertain tax benefit, the taxpayer must conclude that it will more likely than not sustain 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.

AbbVie and Abbott will enter into a tax sharing agreement prior to or concurrent with the separation. For tax contingencies prior to the separation, Abbott will indemnify and hold AbbVie harmless if the tax positions are settled for amounts in excess of recorded liabilities, and AbbVie will not benefit if prior tax positions are resolved more favorably than recorded amounts.

*Intangible Assets and Goodwill*—AbbVie has acquired and may continue to acquire significant intangible assets in connection with business combinations that AbbVie records at fair value. Transactions involving the purchase or sale of intangible assets occur with some frequency between

companies in the pharmaceuticals industry 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. AbbVie engages independent valuation experts who review AbbVie's critical assumptions and calculations for acquisitions of significant intangibles. AbbVie reviews the recoverability of definite-lived intangible assets each quarter using an undiscounted net cash flow 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 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 an impairment occurs. At September 30, 2012, goodwill and other intangible assets totaled \$6.1 billion and \$2.4 billion, respectively. At December 31, 2011, goodwill and other intangible assets amounted to \$6.1 billion and \$2.9 billion, respectively, and amortization expense for intangible assets amounted to approximately \$764 million in 2011. There were no impairments of goodwill in 2011, 2010 or 2009 and the results of the last impairment test indicated that the fair value of each reporting unit was substantially in excess of its carrying value. In 2011, AbbVie recorded impairment charges of \$46 million for certain projects under development.

*Litigation*—AbbVie accounts for litigation losses in accordance with FASB Accounting Standards Codification (ASC) 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, AbbVie 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. The recorded accrual balance of approximately \$820 million as of September 30, 2012 consists primarily of the unpaid portion of the settlement related to the government's investigation of AbbVie's sales and marketing activities for Depakote.

*Pension and Post-Employment Benefits*—AbbVie employees participate in various pension and post-employment health care plans sponsored by Abbott. In AbbVie's financial statements, these plans are accounted for as multiemployer benefit plans and no liabilities have been reflected in AbbVie's combined balance sheets as there were no unfunded contributions due at the end of any reporting period. At the separation date, AbbVie expects to record the net benefit plan obligations transferred from Abbott. See "Unaudited Pro Forma Combined Financial Statements" for additional information. AbbVie's combined statements of earnings include expense allocations for these benefits. These expenses were funded through intercompany transactions with Abbott which are reflected within Net parent company investment in AbbVie.

Certain pension plans in AbbVie's German and U.S. operations are direct obligations of AbbVie and are recorded in the combined financial statements. AbbVie engages outside actuaries to assist in the determination of the obligations and costs under these plans. AbbVie must develop long-term assumptions, the most significant of which are the discount rates and the expected return on plan assets. At December 31, 2011, pretax net actuarial losses and prior service costs recognized in Accumulated other comprehensive income (loss) for these plans were losses of \$98 million. 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.

**Results of Operations—Years ended December 31, 2011, 2010 and 2009**

Net sales increased 11.6 percent in 2011 and 10.0 percent in 2010. U.S. net sales increased 8.2 percent in 2011 and 10.7 percent in 2010. Net sales outside the U.S. increased 16.0 percent in 2011 and 9.1 percent in 2010. Increases in net sales in 2011 and 2010 reflect primarily unit growth, the acquisition of Solvay's U.S. pharmaceuticals business on February 15, 2010 and the favorable effect of exchange.

The following table details the sales of key products. Percent changes are versus the prior year and are based on unrounded numbers.

	Year Ended December 31			% Change		% Change Attributable to Exchange	
	2011	2010	2009	2011 vs. 2010	2010 vs. 2009	2011 vs. 2010	2010 vs. 2009
	(dollars in millions)						
<b>HUMIRA</b>							
U.S.	\$ 3,427	\$ 2,872	\$ 2,520	19	14	—	—
Non-U.S.	4,505	3,636	3,042	24	20	7	1
Total	7,932	6,508	5,562	22	17	4	—
<b>TriCor/Tripipix</b>							
U.S.	1,372	1,355	1,337	1	1	—	—
<b>Kaletra</b>							
U.S.	326	363	447	(10)	(19)	—	—
Non-U.S.	844	860	926	(2)	(7)	4	—
Total	1,170	1,223	1,373	(4)	(11)	3	—
<b>Niaspan</b>							
U.S.	976	927	855	5	8	—	—
<b>AndroGel</b>							
U.S.	874	649	—	35	n/m	—	n/m
<b>Lupron</b>							
U.S.	540	483	540	12	(11)	—	—
Non-U.S.	270	258	263	4	(2)	5	4
Total	810	741	803	9	(8)	2	1
<b>Synagis</b>							
U.S.	17	16	39	5	(58)	—	—
Non-U.S.	775	710	663	9	7	5	4
Total	792	726	702	9	3	4	4
<b>Sevoflurane</b>							
U.S.	88	126	160	(30)	(21)	—	—
Non-U.S.	577	538	561	7	(4)	4	2
Total	665	664	721	—	(8)	3	1
<b>Synthroid</b>							
U.S.	522	451	415	16	9	—	—
<b>Norvir</b>							
U.S.	289	241	246	20	(2)	—	—
Non-U.S.	130	103	103	27	—	5	—
Total	419	344	349	21	(2)	2	—
<b>Zemplar</b>							
U.S.	255	476	592	(46)	(20)	—	—
Non-U.S.	154	120	108	28	11	3	(2)
Total	409	596	700	(31)	(15)	1	—
<b>Creon</b>							
U.S.	332	246	—	35	n/m	—	n/m

n/m—Percent change is not meaningful

Continued penetration in major markets across the world and market growth drove sales increases for HUMIRA in all three years. HUMIRA had approval to market for six indications during the 2009-2011 period.

AbbVie acquired AndroGel in the acquisition of Solvay's U.S. pharmaceuticals business in February 2010. AndroGel holds the number one share position in the U.S. testosterone replacement market where 2011 growth was driven by increasing diagnosis and treatment of low testosterone. In April 2011, AbbVie received U.S. FDA approval for AndroGel 1.62%, a low-volume formulation, and AndroGel 1.62% gained market share during the second half of 2011.

The 2011 increase in U.S. sales of Lupron was partially due to strong performance by the six-month formulation of Lupron Depot that was approved in 2011. The 2010 decrease in U.S. sales of Lupron was due to lower price and demand.

U.S. sales of Sevoflurane were impacted by generic competition in 2011 and 2010. U.S. sales of Zemplar in 2011 and 2010 were impacted by changes in reimbursement regulations resulting from U.S. health care reform legislation. Worldwide sales of Kaletra in all three years were negatively affected by market competition. The decreases in U.S. sales of Depakote reflect the impact of generic competition which began in 2008.

AbbVie has periodically sold product rights to non-strategic products and has recorded the related gains in net sales in accordance with AbbVie's revenue recognition policies as discussed in Note 2 to the combined financial statements. Sales of product rights were not material in 2011, 2010 or 2009.

The expiration of licenses, patent protection and generic competition can affect the future revenues and operating income of AbbVie. There are currently no significant patent or license expirations in the next three years. However, AbbVie has agreements with generic manufacturers that will permit generic competition for certain products in the future. Under a license agreement for TriCor, generic competition began in November 2012. Under a license agreement for Trilipix 45 mg and 135 mg, generic competition may begin in January 2014 except that under certain circumstances the license may commence as early as July 2013. Under an agreement relating to AbbVie's niacin products acquired with the Kos Pharmaceuticals acquisition, Niaspan may become subject to generic competition in September 2013. 2011 sales of TriCor, Trilipix and Niaspan were \$987 million, \$385 million and \$976 million, respectively. AndroGel 1% sales are expected to be impacted by generic competition in 2015.

### **Operating Earnings**

Gross profit margins were 73.4 percent of net sales in 2011, 72.5 percent in 2010 and 71.5 percent in 2009. The increases in gross profit margin were due, in part, to improved efficiencies and favorable product mix. In the U.S., various governmental rebate programs continue to have a negative effect on the gross profit margins. The 2010 health care reform legislation in the U.S. resulted in increased and additional Medicaid rebates beginning in 2010 and in additional rebates related to the Medicare Part D "donut hole" beginning in 2011 which negatively affected AbbVie's business. The negative impact of the rebates resulting from the 2010 health care reform legislation grew from more than \$200 million in 2010 to approximately \$300 million in 2011.

Research and development expense was \$2.6 billion in 2011, \$2.5 billion in 2010 and \$1.7 billion in 2009 and represented increases of 4.9 percent in 2011 and 46.1 percent in 2010. The increase in 2010 reflects the acquisitions of Solvay's U.S. pharmaceuticals business in February 2010 and Facet Biotech Corporation in April 2010. The increases in 2011 and 2010 also reflect continued pipeline spending, including programs for immunology, oncology, neuroscience, pain management, virology, renal disease and women's health.

Selling, general and administrative expenses totaled \$5.9 billion in 2011, \$3.8 billion in 2010 and \$3.3 billion in 2009 and represented increases of 54.3 percent in 2011 and 14.1 percent in 2010. The

U.S. Department of Justice through the United States Attorney for the Western District of Virginia investigated AbbVie's sales and marketing activities for Depakote. In 2011, AbbVie recorded a litigation charge of \$1.5 billion related to ongoing settlement discussions in this investigation. Excluding the litigation charge, selling, general and administrative expenses increased 14.8 percent in 2011. The 2011 increase reflects approximately \$100 million for the annual fee which pharmaceutical manufacturers began paying in 2011 under the 2010 U.S. health care reform legislation. The increase in 2010 reflects the acquisition of Solvay's U.S. pharmaceuticals business in 2010. The remaining increases in selling, general and administrative expenses were due primarily to increased selling and marketing support for new and existing products, including continued spending for HUMIRA, and inflation.

#### **Other (income) expense, net**

Other (income) expense, net, for 2011 includes \$56 million of fair value adjustments and accretion of contingent consideration related to the acquisition of Solvay's U.S. pharmaceuticals business. Other (income) expense, net, for 2009 includes the derecognition of a contingent liability of \$797 million associated with the conclusion of the TAP Pharmaceutical Products Inc. joint venture in 2008. The contingent liability was established as AbbVie agreed to remit cash to Takeda if certain research and development events were not achieved on the development assets retained by Takeda. In 2009, the research and development events were achieved and the contingent liability was derecognized. Other (income) expense, net, for 2011, 2010 and 2009 also includes ongoing contractual payments from Takeda associated with the conclusion of the TAP joint venture.

#### **Taxes on Earnings**

The income tax rates on earnings were 6.4 percent in 2011, 13.6 percent in 2010 and 22.1 percent in 2009. Taxes on earnings in 2011 reflect the non-deductibility of a litigation reserve and the recognition of \$411 million of tax benefits as a result of the favorable resolution of various tax positions pertaining to prior years. Excluding these discrete items, the effective tax rates are less than the statutory U.S. federal income tax rate of 35 percent principally due to the benefit of lower statutory tax rates and tax exemptions in Puerto Rico and other foreign taxing jurisdictions that reduced the tax rates by 25.4, 22.5, and 14.8 percentage points in 2011, 2010, and 2009, respectively. The tax rate reductions are primarily derived from operations in Puerto Rico where AbbVie benefits from a combination of favorable statutory tax rules, tax rulings, grants, and exemptions. AbbVie believes that it is reasonably possible that the recorded amount of gross unrecognized tax benefits may decrease by up to \$250 million, including cash payments, within the next twelve months as a result of concluding various domestic and international tax matters.

As an independent company, AbbVie expects that its effective income tax rate in 2013 will be approximately 22 percent, excluding any discrete items.

In October 2010, Puerto Rico enacted legislation that assesses an excise tax beginning in 2011 on certain products manufactured in Puerto Rico. The tax is levied on gross inventory purchases from entities in Puerto Rico and is included in inventory cost. The tax is creditable for U.S. income tax purposes. In 2011, Cost of products sold included approximately \$105 million related to this tax.

#### **Research and Development Programs**

AbbVie currently has numerous pharmaceutical products in development.

The research and development process generally begins with discovery research which focuses on the identification of a molecule that has a desired effect against a given disease. If preclinical testing of an identified compound proves successful, the compound moves into clinical development which generally includes the following phases:

- Phase I—involves the first human tests in a small number of healthy volunteers or patients to assess safety, tolerability and potential dosing.

- Phase II—tests the molecule's efficacy against the disease in a relatively small group of patients.
- Phase III—tests a molecule that demonstrates favorable results in the earlier phases in a significantly larger patient population to further demonstrate efficacy and safety based on regulatory criteria.

The clinical trials from all of the development phases provide the data required to prepare and submit a New Drug Application (NDA), a Biological License Application (BLA) or other submission for regulatory approval to the U.S. Food and Drug Administration (FDA) or similar government agencies outside the U.S. The specific requirements (e.g., scope of clinical trials) for obtaining regulatory approval vary across different countries and geographic regions.

The research and development process from discovery through a new drug launch typically takes 8 - 12 years and can be even longer. There is a significant amount of uncertainty inherent in the research and development of new pharmaceutical products and there is no guarantee when, or if, a molecule will receive the regulatory approval required to launch a new drug or indication.

In addition to the development of new products and new formulations, research and development projects also may include Phase IV trials, sometimes called post-marketing studies. For such projects, clinical trials are designed and conducted to collect additional data regarding, among other parameters, the benefits and risks of an approved drug.

AbbVie's significant areas of therapeutic focus include the following:

**Virology**—AbbVie's antiviral program is focused on developing treatments for hepatitis C and the initiation of Phase III development was announced in October 2012 for combinations of ABT-450, part of the Enanta collaboration, polymerase inhibitor ABT-333, and ABT-267, a NS5A inhibitor.

**Renal Disease**—A global Phase IIb program for atrasentan that started in June 2011 is expected to be completed by the end of 2012.

In 2010, AbbVie entered into an agreement with Reata Pharmaceuticals for ex-U.S. rights, excluding certain Asian markets, to bardoxolone methyl, an investigational treatment for chronic kidney disease (CKD). A global Phase III clinical trial known as BEACON was initiated in June 2011. On October 17, 2012, Reata informed AbbVie that it is discontinuing the Phase III clinical study. The discontinuation is based on a recommendation from the study's Independent Data Monitoring Committee regarding safety concerns due to "excess serious adverse events and mortality in the bardoxolone methyl arm." Reata and AbbVie will closely examine the data from this study to determine whether there is an appropriate path forward for the development of bardoxolone methyl in chronic kidney disease or other indications.

**Neuroscience/Pain**—AbbVie is focused on the development of compounds that target receptors in the brain that help regulate neurological functions to address conditions such as Alzheimer's disease, schizophrenia, pain, Parkinson's disease and multiple sclerosis (MS). The ABT-126 Phase IIb Alzheimer's disease program began in March 2012. Daclizumab, a monoclonal antibody, is in ongoing Phase III clinical trials for relapsing remitting MS. ABT-110 is under development for the treatment of multiple pain indications with Phase IIa clinical trials expected to start in the fourth quarter of 2012. A levodopa-carbidopa intestinal gel (LCIG) is completing its Phase III program for Parkinson's disease and a U.S. registration submission is expected in November 2012. The latter product is sold under the Duodopa name outside the U.S.

**Oncology**—AbbVie is focused on the development of targeted treatments that inhibit tumor growth and improve responses to common cancer therapies. AbbVie has new molecular entities in development for more than a dozen types of cancer including:

- Veliparib (ABT-888), a PARP-inhibitor, for which Phase II is ongoing for a number of specific tumor types.

- Elotuzumab under a collaboration agreement acquired as part of the Facet Biotech acquisition in 2010. Phase III development of elotuzumab for the treatment of multiple myeloma began in June 2011.
- ABT-199, a next-generation Bcl-2 inhibitor currently in Phase I development for chronic lymphocytic leukemia (CLL) and non-Hodgkin's lymphoma (NHL), is expected to start Phase III in 2013.

Women's Health—In 2010, AbbVie entered into a collaboration agreement with Neurocrine Biosciences to develop and commercialize elagolix, an oral gonadotropin-releasing hormone (GnRH) antagonist, for the treatment of endometriosis-related pain and uterine fibroids. A Phase III study in endometriosis began in mid-2012 and a Phase IIa study for uterine fibroids was initiated in November 2011.

Immunology—Projects are ongoing to identify new mechanisms with the potential to treat an array of immune-mediated diseases. Projects include early stage work in oral DMARD therapies and a number of biologic candidates. ABT-122 and ABT-981 are both dual variable domain immunoglobulins in Phase I clinical trials with potential to be disease modifying anti-arthritis drugs.

In the first quarter of 2012, AbbVie entered into a global collaboration with Galapagos to develop and commercialize an oral, next-generation JAK1 inhibitor currently in Phase II development with the potential to treat multiple autoimmune diseases. In the fourth quarter of 2011, AbbVie entered into a collaboration with Reata Pharmaceuticals for the joint development and commercialization of second-generation, oral antioxidant inflammation modulators. Phase II clinical trials for rheumatoid arthritis and psoriasis are ongoing for AbbVie's anti-CD4 biologic, BT-061, under a collaboration with Biotest.

Additional indications of HUMIRA have registration submissions under review, including ankylosing spondylitis in China where the registration was submitted in September 2011. For pediatric Crohn's disease, European Union approval was obtained on November 27, 2012. For ulcerative colitis, European Union approval was obtained April 4, 2012, FDA approval for the United States was obtained September 28, 2012, and the registration submission in Japan was made in March 2012. Phase III trials are ongoing for uveitis in the U.S., EU and Japan, peripheral spondyloarthritis in the U.S. and EU, and for hidradenitis suppurativa in the U.S. and EU. A registration submission for intestinal Behcet's disease was made in Japan on August 31, 2012. The registration submission for axial spondyloarthritis is expected to be made in the U.S. in late 2012. Approval for axial spondyloarthritis was obtained in July 2012 for the EU, and approval for juvenile idiopathic arthritis was obtained in July 2011 for Japan.

In 2011, new formulations of some of AbbVie's existing pharmaceutical products were approved, including the 6-month and 3-month strengths of Lupron Depot in the U.S. in June and August, respectively. A new strength for Creon was approved in the U.S. in June 2011 and AndroGel 1.62% was approved in April 2011 in the U.S. An additional registration submission for a new strength for Creon was made on September 28, 2012.

Given 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 AbbVie's total research and development expenses as well as qualitative factors, such as marketplace perceptions and impact of a new product on AbbVie's overall market position. There were no delays in AbbVie's 2011 research and development activities that are expected to have a material impact on operations.

While the aggregate cost to complete the numerous pharmaceutical projects currently in development is expected to be material, the total cost to complete will depend upon AbbVie'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



research and development of new pharmaceutical products, it is not possible to accurately estimate the total cost to complete all projects currently in development. However, AbbVie plans to continue to manage its portfolio of projects to achieve research and development spend equal to approximately 13 percent to 14 percent of net sales each year. AbbVie does not regularly accumulate or make management decisions based on the total expenses incurred for a particular development phase in a given period.

Generally, AbbVie seeks to obtain various forms of exclusivity for each product in development. AbbVie obtains patent protection, where available, in all significant markets and/or countries for each product in development. Additionally, AbbVie also seeks to obtain other forms of legal or regulatory exclusivity that would protect the product upon approval. These forms of regulatory exclusivity have a variety of terms, from 3, 5 to 7 years in the United States and up to 10 years in the European Union. This regulatory exclusivity is granted upon the approval of each development project. In certain instances, regulatory exclusivity may protect a product where patent protection is no longer available or for a period of time in excess of patent protection. The availability and length of such regulatory exclusivity is based, in part, on the length of the regulatory review process and can only be determined upon product approval. It is not possible to estimate for each product in development the total period of exclusivity that will be obtained if regulatory approval is obtained.

Generally, upon approval, products in development may be entitled to exclusivity. AbbVie seeks patent protection, where available, in all significant markets and/or countries for each product in development. In the United States, the expiration date for patents filed on or after June 8, 1995 is 20 years after the filing date. Given that patents relating to pharmaceutical products are often obtained early in the development process and given the amount of time needed to complete clinical trials and other development activities required for regulatory approval, the length of time between product launch and patent expiration is significantly less than 20 years if a product in development ultimately obtains regulatory approval. The Drug Price Competition and Patent Term Restoration Act of 1984 (commonly known as the Hatch-Waxman Act) permits a patent holder to seek a patent extension commonly called a patent term restoration for patents on products (or processes for making the product) regulated by the Federal Food, Drug and Cosmetic Act. The calculation of the patent extension is roughly based on 50 percent of the period of time extending from the filing of an Investigational New Drug application to the submission of the NDA, plus 100 percent of the time period from NDA submission to regulatory approval. The extension, however, cannot exceed 5 years and the remaining patent term after regulatory approval cannot exceed 14 years. Only one patent related to the first commercial marketing of a newly approved pharmaceutical product is eligible for a patent term restoration.

Additionally, products may be entitled to obtain other forms of legal or regulatory exclusivity upon approval. These forms of regulatory exclusivity have a variety of terms in the United States and are variable in other jurisdictions. In the United States, when the FDA approves a new chemical entity that it has not previously approved alone or in combination with other chemical entities, the product is granted 5 years of regulatory exclusivity. The FDA may grant 3 years of market exclusivity for an NDA, including supplementary applications, if the application contains reports of new clinical investigations that have not previously been relied upon by the FDA. If the FDA grants pediatric exclusivity, the longest existing exclusivity (patent or regulatory) related to the product would be extended by 180 days. If the FDA designates a product as an orphan drug that is either used to treat conditions that afflict a relatively small population or for which there is not a reasonable expectation that the research and development costs will be recovered, the FDA may grant 7 years of exclusivity.

This regulatory exclusivity is granted upon the approval of each development project. In certain instances, regulatory exclusivity may protect a product where patent protection is no longer available or for a period of time in excess of patent protection. It is not possible to estimate for each product in development the total period of exclusivity that will be granted if regulatory approval is obtained. However, given the length of time required to complete clinical development of a pharmaceutical

product, the minimum and maximum periods of exclusivity that might be achieved in any individual case would not be expected to exceed 3 and 14 years, respectively. These estimates do not consider other factors, such as the difficulty of recreating the manufacturing process for a particular product or other proprietary knowledge that may provide some level of additional protection against generic incursion.

#### Business Combinations, Technology Acquisitions and Related Transactions

In February 2010, AbbVie acquired Solvay's U.S. pharmaceuticals business and certain other product rights for approximately \$1.9 billion, in cash, plus additional payments of up to EUR 100 million per year if certain sales milestones are met in 2011, 2012 and 2013. Contingent consideration of approximately \$290 million was recorded. The acquisition of Solvay's U.S. pharmaceuticals business provides AbbVie with a complementary pharmaceutical product portfolio including the U.S. rights to AndroGel and Creon, worldwide rights to Duodopa and various research and development projects. AbbVie acquired control of this business on February 15, 2010 and the financial results of the acquired operations are included in AbbVie's results of operations beginning on that date. Net sales for the acquired operations were approximately \$1.1 billion for 2010. If the acquisition had taken place on January 1, 2009, AbbVie's 2009 net sales would have increased by approximately \$1 billion and net earnings would not have been significantly different from the reported amount with the inclusion of intangible amortization, as well as acquisition, integration and restructuring expenses. The acquisition was funded with cash and short-term investments. The allocation of the fair value of the acquisition is shown in the table below (*in billions of dollars*).

Acquired intangible assets, non-deductible	\$ 1.8
Goodwill, non-deductible	0.4
Acquired in-process research and development, non-deductible	0.5
Deferred income taxes recorded at acquisition	(0.5)
Total allocation of fair value	<u>\$ 2.2</u>

Acquired intangible assets consist primarily of product rights for currently marketed products and are amortized over 2 to 13 years (average of 8 years). Acquired in-process research and development projects are accounted for as indefinite lived intangible assets until regulatory approval or discontinuation.

In April 2010, AbbVie acquired the outstanding shares of Facet Biotech Corporation (Facet) for approximately \$430 million, in cash, net of cash held by Facet. The acquisition enhances AbbVie's early-and mid-stage pharmaceutical pipeline, including daclizumab, a biologic for multiple sclerosis and an oncology compound. A substantial portion of the fair value of the acquisition, including \$381 million for daclizumab, has been allocated to acquired in-process research and development projects that are accounted for as indefinite-lived intangible assets until regulatory approval or discontinuation.

Except for the acquisition of the Solvay pharmaceuticals business, had the above acquisitions taken place on January 1 of the previous year, combined net sales and income would not have been significantly different from reported amounts.

During 2010 and 2011, AbbVie entered into a series of transactions with Reata Pharmaceuticals which included (1) a collaboration agreement for the joint development and commercialization of second generation oral antioxidant inflammation modulators resulting in a charge to acquired in-process and collaborations research and development of \$400 million in 2011, (2) an agreement to acquire licensing rights outside the U.S., excluding certain Asian markets, to bardoaxolone methyl, a product in development for the treatment of chronic kidney disease resulting in a charge to acquired in-process and collaborations research and development of \$238 million in 2010 and (3) the acquisition of equity interests in Reata of \$62 million each in 2011 and 2010. In 2011, certain milestones were achieved in the development for the treatment of chronic kidney disease and charges to acquired

in-process and collaborations research and development of \$188 million were recorded. In the first quarter of 2012, \$50 million of research and development expense was recorded related to the achievement of a clinical development milestone under the license agreement. The license agreement requires additional payments of up to \$200 million if certain development and regulatory milestones associated with the chronic kidney disease compound are achieved.

On October 17, 2012 Reata informed AbbVie that it is discontinuing the Phase III clinical study for bardoxolone methyl for chronic kidney disease. Reata and AbbVie will closely examine the data from this study to determine whether there is an appropriate path forward for the development of bardoxolone methyl in chronic kidney disease or other indications. AbbVie is evaluating the impact of the study's discontinuation on the carrying value of the investment.

In 2011, AbbVie entered into an agreement with Biotest AG to develop and commercialize a treatment for rheumatoid arthritis and psoriasis resulting in a charge to acquired in-process and collaborations research and development of \$85 million. Additional payments totaling up to \$395 million based on projected regulatory approval timelines could be required for the achievement of certain development, regulatory and commercial milestones under this agreement. In 2010, AbbVie entered into an agreement with Neurocrine Biosciences to develop and commercialize a product for the treatment of endometriosis resulting in a charge to acquired in-process and collaborations research and development of \$75 million. Additional payments of approximately \$500 million could be required for the achievement of certain development, regulatory and commercial milestones under this agreement. In 2009, AbbVie acquired the global rights to a novel biologic for the treatment of chronic pain for \$170 million resulting in a charge to acquired in-process and collaborations research and development.

#### **Goodwill**

At December 31, 2011, goodwill recorded as a result of business combinations totaled \$6.1 billion. Goodwill is reviewed for impairment annually or when an event that could result in an impairment occurs. The results of the impairment tests performed during 2011, 2010, and 2009 indicated that the estimated fair value of each reporting unit was substantially in excess of its carrying value.

#### **Transition from Abbott and Cost to Operate as an Independent Company**

The combined financial statements reflect the operating results and financial position of AbbVie as it was operated by Abbott, rather than as an independent company. AbbVie will incur additional ongoing operating expenses to operate as an independent company. These costs will include the cost of various corporate headquarters functions, incremental information technology-related costs, and incremental costs to operate a stand-alone back office infrastructure outside the U.S. In order to establish these stand-alone functions, information technology systems, and back office infrastructure, AbbVie will also incur non-recurring expenses and non-recurring capital expenditures.

The operating costs of various information technology systems maintained by Abbott have been allocated to AbbVie on bases which management believes are reasonable. Included in these allocations is AbbVie's proportionate share of fixed operating costs. As an independent company, AbbVie's information technology operating costs may be higher than the costs allocated in the historical combined financial statements. In addition, AbbVie will incur non-recurring expenses and capital expenditures to establish its independent information technology systems.

In markets outside the U.S., AbbVie does not currently have sufficient back office infrastructure to operate without transition service agreements with Abbott. Abbott will enter into a transition services agreement with AbbVie to provide services outside the United States, including back office services in certain countries, for up to two years after separation. The back office services provided will include information technology, accounts payable, payroll, receivables collection, treasury and other financial functions, as well as order entry, warehousing, and other administrative services. This transition services agreement will allow AbbVie to operate its international pharmaceuticals business independently prior

to establishing a stand-alone back office infrastructure for all countries. During the transition from Abbott, AbbVie will incur non-recurring expenses to expand its international infrastructure. In addition, in certain international markets, the marketing authorizations to sell AbbVie's products will continue to be held by Abbott post-separation until the authorizations can be transferred through the applicable regulatory channels.

The transition services agreement in the United States will cover certain corporate support services that AbbVie has historically received from Abbott. Such services will include information technology, accounts payable, payroll, and other financial functions, as well as engineering support for various facilities, quality assurance support, and other administrative services. The term of the service under the agreement is expected to vary by activity. This agreement will facilitate the separation by allowing AbbVie to operate independently prior to establishing stand-alone back office systems across its organization.

It is not practicable to estimate the costs that would have been incurred in each of the periods presented in the historical financial statements for the functions described above. Actual costs that would have been incurred if AbbVie operated as a stand-alone company during these periods would have depended on various factors, including organizational design, outsourcing and other strategic decisions related to corporate functions, information technology, and international back office infrastructure.

**Results of Operations—Nine Months ended September 30, 2012 and 2011**

Net sales increased 4.7 percent for the nine months ended September 30, 2012 compared to the nine months ended September 30, 2011. The increase reflects primarily unit growth partially offset by the unfavorable effect of exchange. U.S. net sales increased 7.6 percent and net sales outside the U.S. increased 1.3 percent, net of the unfavorable effect of exchange of 7.0 percent.

A comparison of significant product group sales for the nine months ended September 30 is as follows. Percent changes are versus the prior year and are based on unrounded numbers.

	Nine Months Ended		% Change		% Change Attributable to	
	September 30				Exchange	
	2012	2011	2012 vs. 2011	2011 vs. 2010	2012 vs. 2011	2011 vs. 2010
			(dollars in millions)			
<b>HUMIRA</b>						
U.S.	\$ 2,964	\$ 2,349	26	18	—	—
Non-U.S.	3,621	3,405	6	27	(8)	9
Total	6,585	5,754	14	23	(5)	5
<b>TriCor/Trilipix</b>						
U.S.	897	963	(7)	3	—	—
<b>Kaletra</b>						
U.S.	196	226	(13)	(11)	—	—
Non-U.S.	567	656	(14)	(1)	(7)	5
Total	763	882	(13)	(4)	(5)	4
<b>Niaspan</b>						
U.S.	634	718	(12)	12	—	—
<b>AndroGel</b>						
U.S.	787	615	28	n/m	—	—
<b>Lupron</b>						
U.S.	414	401	3	14	—	—
Non-U.S.	175	201	(13)	3	(5)	7
Total	589	602	(2)	10	(2)	2
<b>Synagis</b>						
Non-U.S.	506	463	9	(2)	(2)	5
<b>Sevoflurane</b>						
U.S.	53	55	(4)	(33)	—	—
Non-U.S.	391	433	(10)	6	(6)	6
Total	444	488	(9)	—	(5)	5
<b>Synthroid</b>						
U.S.	383	387	(1)	21	—	—
<b>Norvir</b>						
U.S.	195	186	5	18	—	—
Non-U.S.	85	96	(11)	25	(7)	7
Total	280	282	(1)	20	(2)	2
<b>Zemplar</b>						
U.S.	161	191	(16)	(47)	—	—
Non-U.S.	115	115	—	28	(8)	5
Total	276	306	(10)	(32)	(3)	1
<b>Creon</b>						
U.S.	248	230	7	n/m	—	—

n/m—Percent change is not meaningful

The increase in HUMIRA sales reflects market growth and higher market share across various countries as well as higher U.S. pricing. HUMIRA received approval from the European Commission in April 2012 and from the FDA in October 2012 for the treatment of moderately to severely active ulcerative colitis in adult patients who have had an inadequate response to conventional therapy. With its approval from the European Commission, HUMIRA became the first and only self-injectable biologic therapy for the treatment of moderately to severely active ulcerative colitis in adults. In July 2012, HUMIRA received approval from the European Commission for the treatment of severe axial spondyloarthritis in adult patients who have no X-ray evidence of structural damage. In November 2012, HUMIRA received approval from the European Commission for the treatment of pediatric patients aged 6 to 17 years with severe active Crohn's disease who failed, are intolerant to, or have contraindications to conventional therapy. The approval marked the ninth indication for HUMIRA in the European Union.

The increase in AndroGel sales reflects higher prices, market share gains, the launch of AndroGel 1.62% in the second quarter of 2011, and volume growth in the U.S. testosterone replacement market where AndroGel holds the number one market share position.

The decline in TriCor, Trilipix, and Niaspan sales reflects softness in the overall branded cholesterol market, as well as continued impact from the 2011 results of the ACCORD and AIM-HIGH studies. A generic version of TriCor entered the U.S. market in November 2012. As a result, sales for AbbVie's combined lipid franchise including TriCor, Trilipix, Niaspan and Simcor are expected to total less than \$1.0 billion in 2013. The decline in Kaletra revenues is primarily due to lower market share in various countries due to the impact of competition.

#### **Operating Earnings**

The gross profit margin increased to 75.4 percent in the first nine months of 2012 from 72.5 percent for the first nine months of 2011 primarily due to favorable product mix, improved efficiencies and higher prices in the U.S., partially offset by pricing pressures in various other markets. It also reflects the positive impact in 2012 of 2011 restructuring programs to realign various manufacturing operations.

Research and development expense increased 13.8 percent in the first nine months 2012 over the first nine months of 2011. Excluding a restructuring charge of approximately \$150 million in the third quarter of 2012, research and development expense increased 5.7 percent. The increase, excluding the restructuring charge, reflects continued pipeline spending on programs in biologics, neuroscience, and virology as well as a \$50 million research and development milestone payment related to a product in development for the treatment of chronic kidney disease.

Selling, general and administrative expenses decreased 24.8 percent in the first nine months of 2012 over the first nine months of 2011. The year-over-year change reflects a charge of \$1.5 billion in the first nine months of 2011 related to the government's investigation of AbbVie's sales and marketing activities related to Depakote, approximately \$104 million for separation related expenses in 2012, higher 2012 selling and marketing support for existing products, and inflation. Excluding separation related expenses and the Depakote charge, Selling, general and administrative expenses increased 6.0 percent.

#### **Business and Technology Acquisitions**

In the second quarter of 2012, AbbVie recorded a charge to acquired in-process and collaborations research and development of \$110 million as a result of the acquisition of AP214, a drug under development for the prevention of acute kidney injury associated with major cardiac surgery in patients at increased risk. In the first quarter of 2012, AbbVie recorded a charge to acquired in-process and collaborations research and development of \$150 million as a result of entering into a global

collaboration to develop and commercialize an oral, next-generation JAK1 inhibitor in Phase II development with the potential to treat multiple autoimmune diseases. Additional payments of approximately \$1.2 billion could be required for the achievement of certain development, regulatory and commercial milestones under this agreement. In the fourth quarter of 2011, AbbVie entered into a collaboration for the joint development and commercialization of second-generation oral antioxidant inflammation modulators resulting in a charge to acquired in-process and collaborations research and development of \$400 million which was paid in the first quarter of 2012. In connection with the acquisition of Solvay's U.S. pharmaceuticals business, the achievement of a certain sales milestone resulted in a payment of approximately \$134 million in the first quarter of 2012 for which a liability was previously established.

In 2010, AbbVie entered into an agreement to acquire licensing rights outside the U.S., excluding certain Asian markets, to a product in development for the treatment of chronic kidney disease. In the first and second quarters of 2011, certain milestones were achieved and charges to acquired in-process and collaborations research and development of \$100 million and \$88 million were recorded. In the first quarter of 2012, \$50 million of research and development expense was recorded related to the achievement of a clinical development milestone under this agreement. In addition, in the second quarter of 2011, AbbVie entered into an agreement to develop and commercialize a treatment of rheumatoid arthritis and psoriasis resulting in a charge to acquired in-process and collaborations research and development of \$85 million.

#### **Taxes on Earnings**

In the third quarter of 2012, taxes on earnings reflect the recognition of \$190 million of tax benefits as a result of the favorable resolution of various tax positions pertaining to a prior year. In 2011, taxes on earnings reflect the recognition of \$445 million of tax benefits as a result of the favorable resolution of various tax positions pertaining to prior years. Exclusive of these discrete items, taxes on earnings reflect the estimated annual effective rates which are less than the statutory U.S. federal income tax rate principally due to the benefit of lower statutory tax rates and tax exemptions in foreign taxing jurisdictions.

#### **Financial Condition—As of December 31, 2011, 2010 and 2009 and as of September 30, 2012 and 2011**

#### **Liquidity and Capital Resources Overview**

Historically, AbbVie has generated and expects to continue to generate positive cash flow from operations. Cash flows related to financing activities reflect changes in Abbott's investment in AbbVie. Transfers of cash to and from Abbott are reflected as a component of Net parent company investment in AbbVie in the combined balance sheets. AbbVie has not reported cash or cash equivalents or short-term investment securities on its balance sheet for the periods presented except for the restricted funds discussed below and for cash and short-term investment securities held by a legal entity that will transfer to AbbVie. In the third quarter of 2012, in connection with the formation of new AbbVie entities, Abbott contributed approximately \$4.4 billion of cash to these entities.

Subsequent to the separation, AbbVie will no longer participate in cash management and funding arrangements with Abbott. AbbVie's ability to fund its operations and capital needs will depend on its ongoing ability to generate cash from operations and access to capital markets. AbbVie believes that its future cash from operations and access to capital markets will provide adequate resources to fund its working capital needs, dividends, capital expenditures, and strategic investments.

#### **Cash Flow**

Net cash from operating activities amounted to \$5.4 billion and \$5.2 billion for the nine months ended September 30, 2012 and 2011, respectively. Net cash from operating activities amounted to

\$6.2 billion, \$5.0 billion and \$5.4 billion in 2011, 2010 and 2009, respectively. Trade accounts payable and other liabilities in Net cash from operating activities in 2011 includes the non-cash impact of a litigation reserve of \$1.5 billion. Other, net in Net cash from operating activities for nine months ended September 30, 2012 includes payments of approximately \$800 million to settle certain government investigations which was partially offset by increases in other accrued liabilities, primarily related to restructuring activities and the timing of various payments.

The United States Department of Justice, through the United States Attorney for the Western District of Virginia, and various state Attorneys General investigated AbbVie's previous sales and marketing activities for Depakote. AbbVie recorded non-cash charges of \$1.5 billion in the third quarter of 2011 and \$100 million in the first quarter of 2012. In May 2012, AbbVie reached resolution of all of the Depakote-related federal claims, Medicaid-related claims with 49 states and the District of Columbia, and consumer protection claims with 45 states and the District of Columbia. In addition to the payments of approximately \$800 million in the second quarter of 2012, the remaining \$800 million of the settlement was paid in October 2012. The payments did not materially affect AbbVie's liquidity as other cash flow from operations was sufficient to fund these payments.

#### **Debt and Capital**

In late October 2012, Moody's Investor Service and Standard & Poor's Corporate established ratings of Baa1 and A, respectively, for AbbVie's long-term debt. In July 2012, AbbVie entered into a \$7.5 billion 364-day bridge facility to support the separation from Abbott and a \$2 billion five-year credit facility to support commercial paper borrowings after separation. In November 2012, all commitments under the bridge loan facility were terminated. In November 2012, AbbVie issued approximately \$14.7 billion of long-term debt with maturities ranging from 3 to 30 years. In addition, AbbVie expects to issue approximately \$1.0 billion of short-term debt in the fourth quarter of 2012. The debt issued by AbbVie will be guaranteed by Abbott with the guarantee expiring when AbbVie separates from Abbott. AbbVie expects to begin operation as an independent company with approximately \$7.2 billion of cash and short-term investments in total. At current interest rates, this level of cash and short-term investments would be expected to earn approximately \$20 million on an annual basis. The targeted debt level was determined based on various factors including credit ratings considerations, anticipated business plans, projected operating results, and general economic conditions.

The judgment entered in 2009 by the U.S. District Court for the Eastern District of Texas against AbbVie in its litigation with New York University and Centocor, Inc. required AbbVie to secure the judgment in the event that its appeal to the Federal Circuit court was unsuccessful in overturning the district court's decision. In the first quarter of 2010, AbbVie deposited \$1.87 billion with an escrow agent and considered these assets to be restricted. On February 23, 2011, the Federal Circuit reversed the district court's final judgment and found Centocor's patent invalid. On April 25, 2011, Centocor petitioned the Federal Circuit to rehear and reconsider the decision. In June 2011 the Federal Circuit denied Centocor's petition and the restrictions on the funds were lifted.

#### **Working Capital**

At September 30, 2012 and December 31, 2011 and 2010, working capital was \$5.6 billion, \$1.5 billion and \$4.5 billion, respectively. The increase in working capital for the first nine months of 2012 was due primarily to increased cash and investment levels resulting from Abbott's contribution of cash in connection with the formation of new AbbVie legal entities. The decrease in working capital in 2011 was due to the release of restricted funds as well as an increase in the litigation loss accrual for charges related to the Depakote-related claims. The settlement of the Depakote-related claims is not expected to have a significant effect on working capital in future years.



Substantially all of AbbVie's trade receivables in Greece, Portugal, Italy, and Spain are with governmental health systems. Given the economic conditions and sovereign debt issues in these countries, the time it takes to collect outstanding receivables increased in 2011. With the exception of Greece, AbbVie historically has collected almost all of the outstanding receivables in these countries. The table below summarizes the total outstanding net governmental trade receivables in each country and the amount over a year past due at September 30, 2012 and December 31, 2011 and 2010. (*dollars in millions*)

	Total Outstanding			Amount Over One Year Past Due		
	2012	2011	2010	2012	2011	2010
Spain	\$ 259	\$ 589	\$ 439	\$ 1	\$ 240	\$ 119
Italy	328	372	265	55	42	31
Portugal	82	121	91	15	31	21
Greece	43	44	90	11	2	41
Total	\$ 712	\$ 1,126	\$ 885	\$ 82	\$ 315	\$ 212

AbbVie continues to monitor the credit worthiness of customers located in these and other geographic areas and establishes an allowance against trade receivables 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, AbbVie 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. AbbVie 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, AbbVie may not be able to collect the entire balance.

#### Capital Expenditures

Capital expenditures of \$238 million in 2012 (nine months), \$356 million in 2011, \$448 million in 2010 and \$313 million in 2009 were principally for upgrading and expanding manufacturing, research and development, investments in information technology and administrative support facilities.

In preparation for the separation and in connection with the formation of new AbbVie legal entities, Abbott transferred approximately \$148 million of property and equipment to AbbVie in the first nine months of 2012. These transfers, primarily related to information technology assets and building equipment previously held by Abbott corporate functions, are reflected as Net transactions with Abbott Laboratories in the Condensed Combined Statement of Cash Flows.

#### Restructurings

In 2012 and prior years, AbbVie management approved plans to realign its worldwide manufacturing operations and selected domestic and international commercial and research and development operations in order to reduce costs. In the third quarter 2012, AbbVie recorded a charge of approximately \$150 million for employee severance and contractual obligations, primarily related to the exit from a research and development facility. Approximately \$142 million is recorded as Research and development and \$8 million as Selling, general and administrative. In 2011 and 2009, AbbVie recorded charges of approximately \$160 million and \$27 million, respectively, for employee severance and other related charges. Approximately \$42 million in 2011 is classified as Cost of products sold, \$69 million as Research and development and \$49 million as Selling, general and administrative.

Approximately \$27 million was classified in 2009 as Selling, general and administrative. The following summarizes the activity for these restructurings: *(dollars in millions)*

Accrued balance at January 1, 2009	\$ 77
2009 restructuring charges	27
Payments and other adjustments	<u>(50)</u>
Accrued balance at December 31, 2009	54
Payments and other adjustments	<u>(54)</u>
Accrued balance at December 31, 2010	0
2011 restructuring charges	160
Payments and other adjustments	<u>(70)</u>
Accrued balance at December 31, 2011	90
Restructuring charges	150
Payments and other adjustments	<u>(9)</u>
Accrued balance at September 30, 2012	<u>\$ 231</u>

An additional \$56 million, \$26 million, \$7 million and \$7 million were subsequently recorded in 2012 (nine months), 2011, 2010 and 2009, respectively, relating to these restructurings, primarily for accelerated depreciation.

In 2010, AbbVie management approved a restructuring plan primarily related to the acquisition of Solvay's U.S. pharmaceuticals business. This plan streamlines operations, improves efficiencies and reduces costs in certain Solvay sites and functions as well as in certain AbbVie and Solvay commercial organizations in various countries. In 2010, AbbVie recorded charges to Cost of products sold, Research and development and Selling, general and administrative of approximately \$6 million, \$126 million and \$15 million, respectively. The following summarizes the employee severance activity for this restructuring: *(dollars in millions)*

2010 employee severance charge	\$ 147
Payments and other adjustments	<u>(35)</u>
Accrued balance at December 31, 2010	112
Payments and other adjustments	<u>(92)</u>
Accrued balance at December 31, 2011	20
Payments and other adjustments	<u>(20)</u>
Accrued balance at September 30, 2012	<u>\$ —</u>

An additional \$27 million and \$17 million was recorded in 2011 and 2010, respectively, relating to this restructuring, primarily for accelerated depreciation and asset impairments.

## Contractual Obligations

The following table summarizes AbbVie's estimated contractual obligations as of December 31, 2011: (dollars in millions)

	Payment Due By Period				
	Total	2012	2013 - 2014	2015 - 2016	2017 and Thereafter
Operating lease obligations(a)	\$ 163	\$ 11	\$ 32	\$ 34	\$ 86
Capitalized auto lease obligations	69	32	37	—	—
Purchase commitments(b)	1,514	1,514	—	—	—
Other long-term liabilities reflected on the combined balance sheet—					
Benefit plan obligations	397	—	73	77	247
Other(c)	1,103	—	500	133	470
Total(d)	<u>\$ 3,246</u>	<u>\$ 1,557</u>	<u>\$ 642</u>	<u>\$ 244</u>	<u>\$ 803</u>

- (a) The total excludes lease arrangements that AbbVie may enter into with Abbott at separation.
- (b) Purchase commitments are for purchases made in the normal course of business to meet operational and capital expenditure requirements.
- (c) "Other" in Other long-term liabilities includes deferred income taxes, contingent consideration related to a business combination, accrued royalties, and miscellaneous other long-term liabilities.
- (d) The total excludes obligations that result from financing arrangements that AbbVie may enter into at or prior to the separation.

AbbVie enters into research and development collaboration arrangements with third parties that may require future milestone payments to the third party contingent upon the achievement of certain development, regulatory, or commercial milestones. It is not possible to predict with reasonable certainty whether these milestones will be achieved or the timing for achievement. These potential payments are not included in the table of contractual obligations above due to the contingent nature of these payments. See the subsection titled "Business Combinations, Technology Acquisitions and Related Transactions" for a further discussion of these collaboration arrangements.

## Recently Issued Accounting Standards

In 2011, the Financial Accounting Standards Board (FASB) issued an amendment to Topic 270 in the FASB's Accounting Standards Codification. The amendment requires that all non-owner changes in stockholders' equity be presented either in a single continuous statement of comprehensive income or in two separate but consecutive statements. AbbVie adopted this amendment for the year ended December 31, 2011 and retrospectively presented all non-owner changes in stockholders' equity in two separate but consecutive statements. Adoption of this amendment did not have a material impact on AbbVie's results of operations, cash flows or financial position.

## Legislative Issues

In the first quarter 2010, the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act (collectively referred to herein as "health care reform legislation") were signed into law in the U.S. Health care reform legislation included an increase in the basic Medicaid rebate rate from 15.1 percent to 23.1 percent and extended the rebate to drugs provided through Medicaid managed care organizations. These Medicaid rebate changes will continue to have a negative effect on AbbVie's gross profit margin in future years.

In 2011, AbbVie began recording the annual fee imposed by health care reform legislation on companies that sell branded prescription drugs to specified government programs. The amount of the annual fee, which totaled approximately \$100 million in 2011, is based on the ratio of certain of AbbVie's sales as compared to the total such sales of all covered entities multiplied by a fixed dollar amount specified in the legislation by year. The fee is not tax deductible and is included in Selling, general, and administrative expenses. In 2011, additional rebates were incurred related to the Medicare Part D coverage gap "donut hole."

AbbVie's markets are highly competitive and subject to substantial government regulations. AbbVie 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 AbbVie 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 the "Risk Factors" and "Business" sections of this information statement.

## **Financial Instruments and Risk Management**

### **Market Price Sensitive Investments**

AbbVie holds available-for-sale equity securities from strategic technology acquisitions. The market value of these investments was approximately \$58 million and \$35 million as of December 31, 2011 and 2010, respectively. AbbVie monitors these investments for other than temporary declines in market value, and charges impairment losses to income when an other than temporary decline in value occurs. A hypothetical 20 percent decrease in the share prices of these investments would decrease their fair value at December 31, 2011 by approximately \$12 million. (A 20 percent decrease is believed to be a reasonably possible near-term change in share prices.)

### **Non-Publicly Traded Equity Securities**

AbbVie holds equity securities from strategic technology acquisitions that are not traded on public stock exchanges. The carrying value of these investments was approximately \$171 million and \$102 million as of December 31, 2011 and 2010, respectively. AbbVie increased its equity investment in one company, Reata Pharmaceuticals, from \$62 million at December 31, 2010 to \$124 million at December 31, 2011. No other individual investment is in excess of \$13 million. AbbVie 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 value occurs. As is discussed in the "Research and Development Programs" section, on October 17, 2012, Reata informed AbbVie that it is discontinuing the Phase III clinical study for bardoxolone methyl. AbbVie is evaluating the impact of this event on the carrying value of its investment.

### **Foreign Currency Sensitive Financial Instruments**

Various AbbVie foreign operations enter into foreign currency forward exchange contracts to manage exposures to changes in foreign exchange rates for anticipated intercompany purchases by those operations 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). Deferred gains or losses on these contracts are included in Cost of products sold at the time the products are sold to a third party, generally within the next twelve months. At December 31, 2011 and 2010, AbbVie held \$249 million and \$364 million, respectively, of such contracts, which all mature in the following calendar year.

AbbVie enters into foreign currency forward exchange contracts to manage its exposure to foreign currency denominated 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, 2011 and 2010, AbbVie held \$3.0 billion and \$2.6 billion, respectively, of such foreign currency forward exchange contracts.

The following table reflects the total foreign currency forward contracts outstanding at December 31, 2011 and 2010: (*dollars in millions*)

	2011			2010		
	Contract Amount	Weighted Average Exchange Rate	Fair and Carrying Value Receivable/ (Payable)	Contract Amount	Weighted Average Exchange Rate	Fair and Carrying Value Receivable/ (Payable)
Receive primarily U.S. Dollars in exchange for the following currencies:						
Euro	\$ 1,656	1.329	\$ (2)	\$ 1,483	1.334	\$ (6)
British Pound	143	1.571	—	118	1.577	—
Japanese Yen	578	80.3	(15)	424	82.7	(5)
Canadian Dollar	50	1.026	—	159	1.015	(3)
All other currencies	794	N/A	13	747	N/A	(6)
<b>Total</b>	<b>\$ 3,221</b>		<b>\$ (4)</b>	<b>\$ 2,931</b>		<b>\$ (20)</b>

**Overview**

AbbVie is a research-based pharmaceuticals company with a broad and sustainable portfolio of market-leading proprietary pharmaceuticals and biologics sold worldwide. AbbVie products are used to treat rheumatoid arthritis, psoriasis, Crohn's disease, HIV, cystic fibrosis complications, low testosterone, thyroid disease, Parkinson's disease and complications associated with chronic kidney disease, among other indications. AbbVie also has a pipeline of promising new medicines, including more than 20 compounds or indications in Phase II or Phase III development across such important medical specialties as immunology, renal care, hepatitis C, women's health, oncology, and neuroscience, including multiple sclerosis and Alzheimer's disease.

In 2011, AbbVie generated revenue of approximately \$17.4 billion, growing 11.6 percent from 2010, with net earnings of \$3.4 billion. AbbVie's revenues are generated worldwide, with approximately 55 percent of 2011 revenue, or \$9.7 billion, generated in the United States, approximately 31 percent, or \$5.4 billion, in the European Union and other developed markets, and approximately 14 percent, or \$2.3 billion, in emerging markets. No country other than the United States accounted for more than 10% of AbbVie's 2011 revenues.

AbbVie has a strong portfolio of marketed products led by HUMIRA. HUMIRA is approved for seven indications in the United States and nine in the European Union, and is also in development for a number of additional indications. Since the launch of HUMIRA in 2003, AbbVie has successfully grown worldwide sales of the product to approximately \$7.9 billion in 2011.

The 2010 acquisitions of Facet Biotech Corporation and the U.S. pharmaceuticals business of Solvay Pharmaceuticals added several new products to AbbVie's portfolio, including the U.S. rights to AndroGel and Creon, and enhanced AbbVie's early- and mid-stage pipeline by adding a biologic for multiple sclerosis and compounds that complement AbbVie's oncology program. These acquisitions are discussed more fully in the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations—Business Combinations, Technology Acquisitions and Related Transactions."

AbbVie's long-lived assets consisting of net property and equipment in the U.S. and Puerto Rico totaled approximately \$1.5 billion as of December 31, 2011. Outside the U.S. and Puerto Rico, no country accounts for a material amount of AbbVie's long-lived assets.

AbbVie was incorporated in Delaware on April 10, 2012, in connection with the separation of Abbott Laboratories' research-based pharmaceuticals business from its diversified medical products businesses, including Abbott's established pharmaceuticals business, which focuses primarily on branded generic pharmaceutical products outside of the United States. After the separation, AbbVie is expected to be a Fortune 200 company. The company's corporate offices are located at 1 North Waukegan Road, North Chicago, Illinois 60064.

**Strengths**

AbbVie possesses a number of competitive advantages that distinguish the company from its competitors, including:

**Portfolio of leading products.** AbbVie has a strong portfolio of products led by its market leading biologic, HUMIRA. HUMIRA is approved for seven indications in the United States and nine in the European Union, and is also in development for a number of additional indications. AbbVie has leading market positions in several treatment areas including rheumatoid arthritis, psoriasis, Crohn's disease, HIV, cystic fibrosis complications, low testosterone, and thyroid disease. These treatment areas have significant growth potential driven by a number of factors, including increasing prevalence and

diagnosis, demographics, and market penetration. AbbVie's products demonstrate strong clinical performance for the patient and economic value for the payor.

**Broad pipeline of small molecule drugs and biologics targeting areas of unmet medical need.** Building and advancing AbbVie's existing product pipeline is a key driver to future growth. For example, AbbVie's investigational interferon-free HCV treatment, which is currently in Phase III development, has the potential to shorten and simplify treatment and increase cure rates. In addition, other Phase III programs include: daclizumab for multiple sclerosis; a levodopa-carbidopa intestinal gel (LCIG) in the United States for advanced Parkinson's disease; elagolix for endometriosis; elotuzumab for multiple myeloma; and several new HUMIRA indications. AbbVie's pipeline also includes 10 compounds or new indications in mid-stage trials, including several that are expected to advance to Phase III within the next 18 months.

**Worldwide commercial infrastructure and opportunity for continued geographic penetration and expansion.** In 2011, AbbVie's products were sold in over 170 countries. AbbVie has strong and extensive sales, marketing, and distribution organizations around the world to support its products. In 2011, AbbVie had sales of approximately \$7.7 billion outside of the United States, including sales to emerging markets of approximately \$2.4 billion, or 14 percent, of sales. Continued penetration of HUMIRA and other products will help drive growth in markets worldwide.

**Strong cash flow.** In 2011, AbbVie generated approximately \$6.2 billion in operating cash flow and spent approximately \$0.4 billion on capital expenditures. AbbVie anticipates that its business will continue to generate stable cash flow going forward, which will allow the company to continue to invest in its pipeline and return cash to stockholders in the form of dividends.

**Experienced management team with track record of successful performance.** AbbVie's management team has a strong track record of performance and execution. Richard A. Gonzalez, who has served as Executive Vice President of Abbott's Pharmaceutical Products Group since 2010, will be AbbVie's Chairman of the Board and Chief Executive Officer. Mr. Gonzalez has served more than 30 years in various capacities at Abbott, including as President and Chief Operating Officer. Laura J. Schumacher, who has served as Executive Vice President, General Counsel and Corporate Secretary of Abbott, with additional responsibility for Abbott's licensing and acquisitions function and its Office of Ethics and Compliance, will be AbbVie's Executive Vice President, Business Development, External Affairs and General Counsel. Ms. Schumacher has served over 20 years at Abbott and was head of Abbott's litigation department before being appointed General Counsel. William J. Chase, who has served more than 20 years in various capacities at Abbott, including as Abbott's Vice President, Licensing and Acquisitions since 2010 and as Abbott's Treasurer, will be AbbVie's Executive Vice President Chief Financial Officer. Carlos Alban, who has served over 25 years at Abbott, including as Senior Vice President, Proprietary Pharmaceutical Products, Global Commercial Operations and Senior Vice President, International Pharmaceuticals, is expected to be named AbbVie's Executive Vice President, Commercial Operations. John M. Leonard, M.D., who has served over 20 years in various capacities at Abbott, including most recently as Senior Vice President, Pharmaceuticals, Research and Development, is expected to be named Senior Vice President, Chief Scientific Officer of AbbVie. Timothy J. Richmond, who has served more than 5 years at Abbott, most recently as Divisional Vice President of Compensation and Benefits, will be AbbVie's Senior Vice President, Human Resources. Azita Saleki-Gerhardt, who has served over 15 years at Abbott, most recently as Vice President, Pharmaceuticals Manufacturing and Supply, is expected to be named AbbVie's Senior Vice President, Operations. Thomas A. Hurwich, who has served over 25 years at Abbott, most recently as Vice President, Internal Audit, is expected to be named Vice President, Controller of AbbVie.

## Strategies

AbbVie is seeking to grow its business by, among other things:

**Expanding HUMIRA sales.** AbbVie expects to continue to drive strong HUMIRA sales growth in two ways. First, AbbVie is seeking to expand patients' use of its biologic, HUMIRA. Worldwide use of biologics in applicable populations continues to be low, ranging from mid-single digit percentages in moderate to severe plaque psoriasis to the mid-20s for conditions such as moderate to severe rheumatoid arthritis and moderate to severe Crohn's disease. AbbVie believes that there is significant room for increasing clinically appropriate use across all of HUMIRA's therapeutic areas, particularly in international markets. By encouraging early diagnosis and proper use of HUMIRA for clinically appropriate patients, AbbVie intends to increase the number of patients using HUMIRA to treat their autoimmune conditions. Second, AbbVie is seeking to expand the HUMIRA patient base by applying for regulatory approval of new indications for HUMIRA, treating conditions such as axial and peripheral spondyloarthritis and uveitis.

**Advancing the pipeline.** AbbVie's goal is to bring to market products that demonstrate strong clinical performance for patients and economic value for payors. The company's pipeline includes both small molecules and targeted biologic therapies, and a mix of new compounds and new indications. The company has more than 20 compounds or indications in Phase II or III development individually and under collaboration or license agreements. From 2013 through 2016, AbbVie anticipates new product launches, including: AbbVie's interferon-free regimen for the treatment of HCV; a levodopa-carbidopa intestinal gel (LCIG) in the United States for advanced Parkinson's disease; elotuzumab, a humanized monoclonal antibody for the treatment of multiple myeloma; daclizumab, a monoclonal antibody for the treatment of multiple sclerosis; ABT-199, a next-generation bcl-2 inhibitor in development for chronic lymphocytic leukemia; and new indications for HUMIRA.

**Expanding its presence in emerging markets.** AbbVie plans to continue making investments in key emerging markets, including Brazil, China, India, Mexico, Russia, and Turkey. Continued penetration of HUMIRA and other leading products is expected to help drive growth in these markets.

**Managing the product portfolio to maximize value.** AbbVie plans to continue its investment in products with durable sales, while making adjustments as necessary to increase the value of its product portfolio. AbbVie will achieve this objective in a variety of ways depending on product and circumstances by, for example, identifying supply chain efficiencies, pursuing additional indications, and optimizing residual value as products reach the end of exclusivity. AbbVie believes that its approach will allow the company to maintain a strong operating margin on existing products.

## Products

AbbVie's portfolio of proprietary products includes a broad line of adult and pediatric pharmaceuticals.



**HUMIRA.** HUMIRA is a biologic therapy administered as a subcutaneous injection. It is approved to treat the following seven autoimmune diseases in the United States, five in Canada, and six in Mexico (collectively, North America), and nine autoimmune diseases in the European Union:

<u>Condition</u>	<u>Principal Markets</u>
Rheumatoid arthritis (moderate to severe)	North America, European Union
Psoriatic arthritis	North America, European Union
Ankylosing spondylitis	North America, European Union
Crohn's disease (moderate to severe)	North America, European Union
Plaque psoriasis (moderate to severe)	North America, European Union
Juvenile idiopathic arthritis	North America (excluding Canada), European Union
Ulcerative colitis (moderate to severe)	United States, European Union
Axial spondyloarthritis	European Union
Pediatric Crohn's disease (severe)	European Union

HUMIRA is also approved in over 60 other markets, including Japan, Brazil, and Australia.

Autoimmune diseases develop when underlying defects in the immune system lead the body to attack its own organs, tissues, and cells. These chronic illnesses occur in nearly every part of the body, from joints to skin to the gastrointestinal tract. The worldwide use of biologics, such as HUMIRA, to treat autoimmune diseases continues to grow, especially in psoriasis, spondyloarthritis, and gastrointestinal indications.

HUMIRA was introduced to the market in January 2003 and has an established track record of safety and efficacy. Its worldwide sales have grown to approximately \$7.9 billion in 2011, compared to \$6.5 billion in 2010 and \$5.6 billion in 2009. HUMIRA accounted for approximately 45 percent of AbbVie's total sales in 2011. The United States composition of matter (that is, compound) patent covering adalimumab is expected to expire in December 2016, and the equivalent European Union patent is expected to expire in the majority of EU countries in April 2018.

AbbVie continues to dedicate substantial research and development efforts to expanding indications for HUMIRA, including in the fields of rheumatology (peripheral spondyloarthritis, axial spondyloarthritis and pediatric enthesitis related arthritis), gastroenterology (pediatric Crohn's disease), dermatology (pediatric psoriasis and hidradenitis suppurativa), and ophthalmology (uveitis). AbbVie believes that these additional indications, if approved, will further differentiate HUMIRA. A Japanese application for ulcerative colitis was submitted in March 2012. Phase III trials are ongoing in preparation for regulatory applications for: uveitis in the United States, the European Union, and Japan; peripheral and axial spondyloarthritis in the United States; peripheral spondyloarthritis in the European Union and hidradenitis suppurativa in the United States and the European Union.

**Metabolics/Hormones products.** Metabolics/Hormones products target a number of conditions, including pancreatic insufficiency, testosterone deficiency, and hypothyroidism. AbbVie's Metabolics/Hormones products had combined sales of \$1.7 billion in 2011. These products include:

*Synthroid.* Synthroid, used in the treatment of hypothyroidism, is one of the most-widely prescribed products in the United States. AbbVie's 2011 sales of Synthroid totaled \$522 million. Although generic alternatives have been available since 2004, many physicians continue to choose to prescribe Synthroid rather than generic alternatives.

*AndroGel.* AndroGel is a daily testosterone replacement therapy that is available in two strengths: 1 percent and 1.62 percent. AbbVie's 2011 sales of AndroGel totaled \$874 million. AndroGel is the leading therapy for the treatment of testosterone deficiency in the United States, and AbbVie expects that the testosterone replacement market will continue to grow in the United

States as a result of demographic trends, increasing awareness of testosterone deficiency and increased rates of usage.

**Creon.** Creon is the leading pancreatic enzyme therapy for exocrine pancreatic insufficiency, a condition that occurs in patients with cystic fibrosis, chronic pancreatitis, and several other conditions. AbbVie's 2011 sales of Creon totaled \$332 million.

AbbVie has the rights to sell Synthroid, AndroGel, and Creon only in the United States.

**Virology products.** AbbVie's virology products include two leading products for the treatment of HIV infection, Kaletra and Norvir. Worldwide sales of these products were \$1.6 billion in 2011.

**Kaletra.** Kaletra (also marketed as Aluvia in emerging markets) is a prescription anti-HIV-1 medicine that contains two protease inhibitors: lopinavir and ritonavir. Kaletra is used with other anti-HIV-1 medications to increase the chance of treatment response in people with HIV-1. AbbVie's 2011 sales of Kaletra totaled \$1.17 billion.

**Norvir.** Norvir (ritonavir) is a protease inhibitor that is indicated in combination with other antiretroviral agents for the treatment of HIV-1 infection and has a long track record of efficacy and safety. AbbVie's 2011 sales of Norvir totaled \$419 million.

**Endocrinology products.** Lupron (also marketed as Lucrin and Lupron Depot) is a product for the palliative treatment of advanced prostate cancer, treatment of endometriosis and central precocious puberty, and for the preoperative treatment of patients with anemia caused by uterine fibroids. Lupron is approved for both daily subcutaneous injection and one-month, three-month, four-month and six-month intramuscular injection. Lupron generated sales of approximately \$800 million in 2011 in select markets worldwide.

**Dyslipidemia products.** AbbVie's dyslipidemia products address the range of metabolic conditions characterized by high cholesterol and/or high triglycerides. These products, which generated sales of \$2.5 billion in 2011, are primarily marketed to primary care physicians, and include:

**TriCor and Trilipix.** TriCor and Trilipix are fibric acid derivatives that are indicated as adjuncts to diet to reduce total cholesterol, LDL cholesterol, and triglyceride levels, which are key contributors to cardiovascular disease, and to increase the cardioprotective HDL cholesterol levels. AbbVie has the rights to sell TriCor and Trilipix only in the United States. AbbVie's 2011 sales of TriCor and Trilipix totaled \$987 million and \$385 million, respectively.

**Niaspan.** Niaspan is an extended release form of niacin that is indicated as an adjunct to diet to reduce total cholesterol, LDL cholesterol, and triglyceride levels, and to increase HDL cholesterol levels. AbbVie has the rights to sell Niaspan only in the United States. AbbVie's 2011 sales of Niaspan totaled \$976 million.

**Simcor.** Simcor is a combination product that contains extended release niacin and simvastatin that is indicated as an adjunct to diet to reduce total cholesterol, LDL cholesterol, and triglyceride levels, and to increase HDL cholesterol levels. Simcor is used when treatment with simvastatin or niacin extended-release alone is not sufficient to achieve target lipid levels. AbbVie does not have the rights to sell Simcor in Canada. AbbVie's 2011 sales of Simcor totaled \$104 million.

**Other products.** AbbVie has a number of other products that combined to generate sales of approximately \$2.9 billion in 2011, including the following:

**Synagis.** Synagis is a product marketed outside of the United States that protects at-risk infants from severe respiratory disease, or respiratory syncytial virus (RSV). AbbVie's 2011 sales of Synagis totaled \$792 million.

**Anesthesia products.** Sevoflurane (sold under the trademarks Ultane and Sevorane) is an anesthesia product that AbbVie sells worldwide for human use. AbbVie's 2011 sales of Sevoflurane totaled \$665 million.

**Duodopa and Duopa.** Duodopa is a levodopa-carbidopa intestinal gel (LCIG) marketed outside of the United States to treat advanced Parkinson's disease. AbbVie's 2011 sales of Duodopa totaled \$125 million. This LCIG therapy is currently in Phase III development in the United States under the name Duopa, with an expected regulatory filing in 2012.

**Zemplar.** Zemplar is a product sold worldwide for the prevention and treatment of secondary hyperparathyroidism associated with Stage 3, 4, and 5 chronic kidney disease (CKD). AbbVie's 2011 sales of Zemplar totaled \$409 million.

## Advancing Pharmaceutical Pipeline

AbbVie seeks to develop unique, innovative medicines that hold promise in addressing unmet medical needs in specialty areas in order to bring to market medicines that have strong clinical performance, patient benefit, and economic value to customers. AbbVie is studying a variety of promising compounds in the areas of virology, renal disease, neuroscience, oncology, immunology, and women's health, among others.

**Virology.** The hepatitis C virus (HCV) affects more than 170 million people worldwide, with approximately three to four million patients newly diagnosed each year. HCV is a heterogeneous disease with numerous genotypes and subtypes that are not always susceptible to the same treatment regimens. More than 350,000 people are estimated to die from hepatitis C-related liver diseases each year. HCV infections can potentially lead to long-term complications, including severe scarring of the liver, liver cancer, or death. The worldwide market for HCV therapies is currently approximately \$3 billion and is expected to be four to five times larger by 2020. The treatment landscape continues to evolve. Current treatment regimens are long and complex, requiring interferon, which has many negative side effects. The goals for AbbVie's HCV program are to markedly transform current treatment practices by combining drugs with various mechanisms of action to shorten therapy duration, improve tolerability and increase cure rates.

AbbVie has released positive Phase II and Phase IIb results from interferon-free studies for the treatment of HCV. In October 2012, AbbVie initiated a comprehensive Phase III program for HCV genotype one.

**Renal Disease.** Chronic kidney disease (CKD) is a prevalent medical condition with limited pharmacologic treatments. AbbVie's renal care pipeline includes atrasentan, for the treatment of CKD. A Phase IIb study of atrasentan in patients with diabetic kidney disease is ongoing, with results to be presented in 2013. Atrasentan will potentially be the first compound specifically launched to treat diabetic nephropathy by targeting albuminuria and slowing the progression of CKD.

**Neuroscience and Pain.** AbbVie has clinical studies underway on multiple compounds that target receptors in the brain that help regulate, mood, memory, and other neurological functions and conditions, including schizophrenia, pain, Alzheimer's disease, and multiple sclerosis (MS). These conditions affect millions of people worldwide and will affect more as the population continues to age. Alzheimer's disease is the most common type of dementia and causes problems with memory, thinking and behavior. MS is a chronic disease in which the body's own immune system attacks the nervous system and is the most common progressive and disabling neurological condition in young adults.

**Multiple Sclerosis.** AbbVie is collaborating with Biogen Idec to develop daclizumab for the treatment of the relapsing remitting form of MS, which is the most common form, and affects nearly 85 percent of newly diagnosed MS patients. Daclizumab, an anti-CD25 monoclonal antibody, is currently in Phase III development. Phase IIb clinical study results of daclizumab demonstrated an over

50 percent reduction in relapse rates as compared to a placebo in patients with MS and a 57 percent relative reduction in risk of disability progression at the dose being utilized in Phase III.

**Alzheimer's Disease and Schizophrenia.** AbbVie is investigating ABT-126, an a7-NNR modulator, in additional Phase II studies in both Alzheimer's disease and cognitive deficits of schizophrenia.

**Pain.** AbbVie is also developing a number of non-opioid agents for relief across a broad spectrum of pain states including postoperative pain, cancer pain, back pain, and osteoarthritis pain. Phase IIa clinical trials of ABT-110, an injectable biologic, are expected to begin in 2012.

**Oncology.** AbbVie is investing in a number of cancer therapies that may change the way the disease behaves. AbbVie is focused on the development of targeted treatments that inhibit tumor growth and improve response to common cancer therapies. AbbVie's oncology pipeline includes:

- Elotuzumab, an anti-CD37 antibody for multiple myeloma. AbbVie is currently in Phase III development of elotuzumab for the treatment of multiple myeloma under a collaboration with Bristol Myers Squibb.
- Veliparib is a PARP-inhibitor. A Phase IIb study in BRCA-mutated breast cancer being treated with chemotherapy was initiated in 2011. Veliparib is also in Phase II evaluation for the treatment of a variety of other solid tumors, including brain metastases from non-small cell lung cancer being treated with radiation therapy and non-small cell lung cancer in combination with chemotherapy.
- ABT-199, a next-generation Bcl-2 inhibitor in development for chronic lymphocytic leukemia is expected to start Phase III evaluation in 2013.
- AbbVie is also evaluating a number of other promising mechanisms, including work on EGFR and cMet.

**Women's Health.** AbbVie is developing a novel gonadotropin-releasing hormone (GnRH) oral antagonist, elagolix, under a collaboration with Neurocrine Biosciences for the treatment of endometriosis-related pain and uterine fibroids, both highly prevalent conditions associated with a number of health complications including pain and infertility. Approximately 17 million women in the United States and Europe suffer from endometriosis. Current treatment options involve full estrogen suppression, leading to side effects such as hot flashes and bone density changes. Uterine fibroids affect approximately 19 million women in the United States and Europe and currently, various surgical options are the treatment of choice, but there is no effective chronic therapy available. AbbVie and Neurocrine Biosciences have a Phase II elagolix trial for uterine fibroids and a Phase III trial in endometriosis currently underway.

**Immunology.** AbbVie's scientific experience with HUMIRA serves as a strong foundation for its continuing research in immunology. AbbVie is developing several additional indications for HUMIRA and has a number of next-generation programs underway to address immune-mediated conditions, including:

- DVD-Ig technology, which represents an innovative approach that can target multiple disease-causing antigens with a single biologic agent. This proprietary technology could lead to next-generation biologic treatments for complex conditions such as cancer or rheumatoid arthritis, where multiple pathways are involved in the disease. In 2011, using DVD-Ig technology, AbbVie advanced two molecules into Phase I clinical trials.
- AbbVie is collaborating with Biotest AG on an anti-CD4 biologic known as tregalizumab. The compound is currently in Phase IIa clinical trials for rheumatoid arthritis and psoriasis.

- GLPG0634, a next-generation, oral JAK1 inhibitor, is being developed in collaboration with Galapagos NV. GLPG0634 is currently in Phase IIa development to treat rheumatoid arthritis and may be able to address other autoimmune diseases.

AbbVie is also evaluating a number of other oral candidates including an SYK inhibitor. In addition, AbbVie plans to jointly develop and commercialize a portfolio of next-generation oral antioxidant inflammation modulators through a collaboration with Reata Pharmaceuticals announced in 2011.

#### **Research and Development Activities**

AbbVie has several compounds in development, including treatments for highly prevalent conditions and over the past five years has more than doubled the number of compounds in its pipeline. AbbVie's ability to develop new compounds is enhanced by the company's use of integrated discovery project teams, which include chemists, biologists, and pharmacologists who work on the same compounds as a team. For more information, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Research and Development Programs."

AbbVie spent approximately \$2.6 billion in 2011, \$2.5 billion in 2010, and \$1.7 billion in 2009 on research to discover and develop new products, indications and processes and to improve existing products and processes. These expenses consisted primarily of collaboration fees and expenses, salaries and related expenses for personnel, license fees, consulting payments, contract research, manufacturing, and the costs of laboratory equipment and facilities.

#### **Intellectual Property Protection and Regulatory Exclusivity**

Generally, upon approval, products in development may be entitled to exclusivity under applicable intellectual property and regulatory regimes. AbbVie seeks patent protection, where available, in all significant markets and/or countries for each product in development. In the United States, the expiration date for patents filed on or after June 8, 1995 is 20 years after the filing date. Given that patents relating to pharmaceutical products are often obtained early in the development process, and given the amount of time needed to complete clinical trials and other development activities required for regulatory approval, the length of time between product launch and patent expiration is significantly less than 20 years. The Drug Price Competition and Patent Term Restoration Act of 1984 (commonly known as the Hatch-Waxman Act) permits a patent holder to seek a patent extension, commonly called a "patent term restoration," for patents on products (or processes for making the product) regulated by the Federal Food, Drug, and Cosmetic Act. The length of the patent extension is roughly based on 50 percent of the period of time from the filing of an Investigational New Drug Application for a compound to the submission of the NDA for such compound, plus 100 percent of the time period from New Drug Application (NDA) submission to regulatory approval. The extension, however, cannot exceed five years and the patent term remaining after regulatory approval cannot exceed 14 years.

Pharmaceutical products may be entitled to other forms of legal or regulatory exclusivity upon approval. The scope, length, and requirements for each of these exclusivities varies both in the United States and in other jurisdictions. In the United States, if the FDA approves a chemical entity that it has not previously approved, the product is typically entitled to five years of market exclusivity. Products that do not contain a new chemical entity may be entitled to three years of market exclusivity if approval was based on the FDA's reliance on new clinical studies submitted by the NDA applicant. If the NDA applicant studies the product for use by children, the FDA may grant pediatric exclusivity, which extends by 180 days the longest existing exclusivity (patent or regulatory) related to the product. For products that are either used to treat conditions that afflict a relatively small population or for which there is not a reasonable expectation that the research and development costs will be recovered, the FDA may designate the pharmaceutical as an orphan drug and grant it seven years of market exclusivity.

The approving regulatory agency determines the market exclusivity to which the product is entitled upon its approval. In certain instances, regulatory exclusivity may protect a product where patent protection is no longer available or for a period of time in excess of patent protection. It is not possible to estimate for each product in development the total period of exclusivity to which it may become entitled until regulatory approval is obtained. However, given the length of time required to complete clinical development of a pharmaceutical product, the minimum and maximum periods of exclusivity that might be achieved in any individual case would not be expected to exceed three and 14 years, respectively. These estimates do not consider other factors, such as the difficulty of recreating the manufacturing process for a particular product or other proprietary knowledge that may delay the introduction of a generic after the expiration of applicable patent and other regulatory exclusivity periods.

Biologics such as HUMIRA are entitled to exclusivity under the Biologics Price Competition and Innovation Act, which was passed on March 23, 2010 as Title VII to the Patient Protection and Affordable Care Act. The law provides a pathway for approval of biosimilars following the expiration of 12 years of exclusivity for the innovator biologic and a potential additional 180 day-extension term for pediatric indications. The law also includes an extensive process for the innovator biologic and biosimilar manufacturer to litigate patent infringement, validity, and enforceability prior to the approval of the biosimilar. The European Union has also created a pathway for approval of biosimilars and has published guidelines for approval of certain biosimilar products. The more complex nature of biologics and biosimilar products has led to greater regulatory scrutiny and more rigorous requirements for approval of follow-on biosimilar products than for small-molecule generic pharmaceutical products, and it has also reduced the effect of biosimilars on sales of the innovator biologic as compared to the sales erosion caused by generic versions of small molecule pharmaceutical products.

AbbVie owns or has licensed rights to a substantial number of patents and patent applications. Principal trademarks and the products they cover are discussed above in the description of AbbVie's products. AbbVie licenses or owns a patent portfolio of over 4,000 patent families, each of which includes United States patent applications and/or issued patents, and may also contain the non-United States counterparts to these patents and applications.

These patents and applications, including various patents that expire during the period 2012 to 2031, in the aggregate are believed to be of material importance in the operation of AbbVie's business. However, AbbVie believes that no single patent, license, trademark (or related group of patents, licenses, or trademarks), except for those related to adalimumab (which is sold under the trademark HUMIRA), are material in relation to the company's business as a whole. The United States composition of matter (that is, compound) patent covering adalimumab is expected to expire in December 2016, and the equivalent European Union patent is expected to expire in the majority of EU countries in April 2018.

In addition, the following patents, licenses, and trademarks are significant: those related to lopinavir/ritonavir (which is sold under the trademarks Kaletra and Aluvia), those related to fenofibrate (which is sold under the trademarks TriCor and Trilipix), those related to niacin (which is sold under the trademarks Niaspan and Simcor), and those related to testosterone (which is sold under the trademark AndroGel). The United States composition of matter patent covering lopinavir is expected to expire in 2016. The principal United States non-composition of matter patent covering lopinavir/ritonavir is expected to expire in 2016. The principal United States non-composition of matter patents covering the fenofibrate products are expected to expire in 2018, 2020, 2023, and 2025. The principal United States non-composition of matter patents covering the niacin products are expected to expire in 2013, 2017, and 2018. The principal non-composition of matter patent covering AndroGel is expected to expire in 2020 for the 1.62 percent formulation and, due to pediatric exclusivity, in 2021 for the 1 percent formulation. Agreements that may affect exclusivity are discussed in the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations."

AbbVie may rely, in some circumstances, on trade secrets to protect its technology. However, trade secrets are difficult to protect. AbbVie seeks to protect its technology and product candidates, in part, by confidentiality agreements with its employees, consultants, advisors, contractors, and collaborators. These agreements may be breached and AbbVie may not have adequate remedies for any breach. In addition, AbbVie's trade secrets may otherwise become known or be independently discovered by competitors. To the extent that AbbVie's employees, consultants, advisors, contractors, and collaborators use intellectual property owned by others in their work for the company, disputes may arise as to the rights in related or resulting know-how and inventions.

### **Sales, Marketing, and Distribution Capabilities**

In 2011, AbbVie's products were sold in over 170 countries. AbbVie utilizes a combination of dedicated commercial resources, regional commercial resources and distributorships to market, sell, and distribute its products worldwide.

In the United States, AbbVie distributes pharmaceutical products principally through independent wholesale distributors, with some sales directly to pharmacies. In 2011, three wholesale distributors accounted for substantially all of AbbVie's sales in the United States. Sales to McKesson Corporation, Cardinal Health, Inc., and AmerisourceBergen Corporation accounted for 33 percent, 28 percent, and 24 percent, respectively, of AbbVie's 2011 gross sales in the United States. These wholesalers purchase product from AbbVie under standard terms and conditions of sale.

AbbVie directs its primary marketing efforts toward securing the prescription, or recommendation, of its brand of products by physicians, key opinion leaders, and other health care providers. Managed care providers (for example, health maintenance organizations and pharmacy benefit managers), hospitals, and state and federal government agencies (for example, the United States Department of Veterans Affairs and the United States Department of Defense) are also important customers. AbbVie also markets directly to consumers themselves, although all of the company's products must be sold pursuant to a prescription in the United States. Outside of the United States, AbbVie focuses its marketing efforts on key opinion leaders, payors, physicians, and country regulatory bodies. AbbVie also provides patient support programs closely related to its products.

AbbVie's products are generally sold worldwide directly to wholesalers, distributors, government agencies, health care facilities, specialty pharmacies, and independent retailers from AbbVie-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. Approximately 55-60 percent of sales outside the United States are made through wholesalers or distributors. No wholesaler or distributor outside the United States accounts for more than 3 percent of AbbVie's sales. Certain products are co-marketed or co-promoted with other companies. AbbVie has no single customer that, if the customer were lost, would have a material adverse effect on the company's business.

No material portion of AbbVie's business is subject to renegotiation of profits or termination of contracts at the election of the government.

### **Manufacturing Capabilities and Operations**

AbbVie is experienced in the manufacturing, process development, analytical development, quality assurance, and quality control of its products. AbbVie's manufacturing operations consist of bulk manufacturing, formulation, fill and finish, and distribution activities. While AbbVie produces some of its own products entirely in-house, the company also contracts with third parties with respect to certain of its products.

AbbVie's principal manufacturing plants are in the following locations:

United States

Abbott Park, Illinois\*  
Barceloneta, Puerto Rico  
Jayuya, Puerto Rico  
North Chicago, Illinois  
Worcester, Massachusetts

Outside the United States

Campoverde di Aprilia, Italy  
Cork, Ireland  
Ludwigshafen, Germany  
Sligo, Ireland

\* Leased property.

In addition to the above, AbbVie has other manufacturing facilities in the United States and worldwide. AbbVie believes its facilities are suitable and provide adequate production capacity.

In the United States, including Puerto Rico, AbbVie owns one distribution center. AbbVie also has four United States research and development facilities located at: Abbott Park, Illinois; North Chicago, Illinois; Redwood City, California; and Worcester, Massachusetts. Outside the United States, AbbVie's principal research and development facilities are located in Shanghai, China and Ludwigshafen, Germany.

Except as noted, the principal plants in the United States listed above are owned by AbbVie or subsidiaries of AbbVie. The remaining manufacturing plants and all other facilities are owned or leased by AbbVie or subsidiaries of AbbVie.

***Third Party Agreements***

AbbVie has agreements with third parties for process development, analytical services, and manufacturing of certain products. AbbVie procures certain products and services from a limited number of suppliers and, in some cases, a single supply source. For example, the filling and packaging of HUMIRA syringes to be sold outside of the United States and Puerto Rico is performed by a single supplier at its two different facilities. AbbVie does not currently believe that this agreement is material because AbbVie's business is not substantially dependent upon it. AbbVie maintains significant inventory of HUMIRA syringes to reduce the risk of any supply disruption and is in the process of obtaining regulatory approvals for its own syringe-filling and packaging facility in the United States to supply syringes outside of the United States and Puerto Rico. This facility is already approved to provide product to the United States and Puerto Rico. In addition, AbbVie has agreements with third parties for active pharmaceutical ingredient and product manufacturing, formulation and development services, fill, finish, and packaging services, and distribution and logistics services for certain products. AbbVie does not believe that these manufacturing-related agreements are material because AbbVie's business is not substantially dependent on any individual agreement. In most cases, AbbVie maintains alternate supply relationships that it can utilize without undue disruption of its manufacturing processes if a third party fails to perform its contractual obligations. AbbVie also maintains sufficient inventory of product to minimize the impact of any supply disruption.

AbbVie also has collaboration agreements, as discussed in the "—Advancing Pharmaceutical Pipeline" section, and will have certain agreements with Abbott following the separation, as described in "Certain Relationships and Related Person Transactions."

***Sources and Availability of Raw Materials***

AbbVie purchases, in the ordinary course of business, raw materials and supplies essential to its operations from numerous suppliers around the world, including in the United States. There have been no recent significant availability problems or supply shortages.



### **Orders**

Orders are generally filled on a current basis, and order backlog is not material to AbbVie's business.

### **Environmental Matters**

AbbVie 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. AbbVie's capital and operating expenditures for pollution control in 2011 were approximately \$4.6 and \$16.2 million, respectively. Capital and operating expenditures for pollution control in 2012 are estimated to be approximately \$3.4 and \$17.0 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. Some of these locations may be transferred to AbbVie in connection with the separation and distribution, and AbbVie may become a party to these investigations and remediations. Abbott is also engaged in remediation at several other sites, some of which may be transferred to AbbVie in connection with the separation and distribution, in cooperation with the Environmental Protection Agency or similar agencies. While it is not feasible to predict with certainty the final costs related to those investigations and remediation activities, AbbVie 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 the company's financial position, cash flows, or results of operations.

### **Competition**

The markets for AbbVie's products are highly competitive. AbbVie competes with other research-based pharmaceuticals and biotechnology companies that discover, manufacture, market, and sell proprietary pharmaceutical products and biologics. For example, HUMIRA competes with a number of anti-TNF products that are approved for a number of disease states, AbbVie's virology products compete with protease inhibitors and other anti-HIV treatments, and AbbVie's dyslipidemia products face competition from other fibrates and from statins. The search for technological innovations in pharmaceutical products is a significant aspect of competition. The introduction of new products by competitors and changes in medical practices and procedures can result in product obsolescence. Price is also a competitive factor. In addition, the substitution of generic pharmaceutical products for branded pharmaceutical products creates competitive pressures on AbbVie's products that do not have patent protection.

**Biosimilars.** Competition for AbbVie's biologic products is affected by the approval of follow-on biologics, also known as "biosimilars." Biologics have added major therapeutic options for the treatment of many diseases, including some for which therapies were unavailable or inadequate. The advent of biologics has also raised complex regulatory issues and significant pharmacoeconomic concerns because the cost of developing and producing biologic therapies is typically dramatically higher than for conventional (small molecule) medications, and because many expensive biologic medications are used for ongoing treatment of chronic diseases, such as rheumatoid arthritis or inflammatory bowel disease, or for the treatment of previously untreatable cancer. Significant investments in biologics infrastructure and manufacturing are necessary to produce biologic products, as are significant investments in marketing, distribution, and sales organization activities, which may limit the number of biosimilar competitors.

In the United States, the FDA regulates biologics under the Federal Food, Drug, and Cosmetic Act, the Public Health Service Act, and implementing regulations. While the enactment of federal health care reform legislation in March 2010 was meant to provide a pathway for approval of biosimilars under the Public Health Service Act, recent regulatory guidance suggests that the approval process will be far more extensive than for small molecules, in order to ensure that the safety and efficacy of the biosimilars is equivalent to that of original biologics, such as HUMIRA. Ultimate approval by the FDA is dependent upon many factors, including a showing that the biosimilar is "highly similar" to the original product and has no clinically meaningful differences from the original product in terms of safety, purity, and potency. The types of data that would ordinarily be required in an application to show similarity would include analytical data and studies to demonstrate chemical similarity, animal studies (including toxicity studies), and clinical studies. Applicable regulations also require that the biosimilar must be for the same indication as the original biologic and involve the same mechanism of action, and that the manufacturing facility meets the standards necessary to assure that the biosimilar is safe, pure, and potent.

Furthermore, the new law provides that only a biosimilar product that is deemed to be "interchangeable" may be substituted for the original biologic product without the intervention of the health care provider who prescribed the original biologic product. To prove that a biosimilar product is interchangeable, the applicant must demonstrate that the product can be expected to produce the same clinical results as the original biologic product in any given patient, and if the product is administered more than once in a patient, that safety risks and potential for diminished efficacy of alternating or switching between the use of the interchangeable biosimilar biologic product and the original biologic product is no greater than the risk of using the original biologic product without switching. The new law is only beginning to be interpreted and implemented by the FDA. As a result, its ultimate impact, implementation, and meaning will likely be subject to substantial uncertainty for years to come.

In the European Union, while a pathway for the approval of biosimilars has existed since 2005, the products that have come to market to date have had a mixed impact on the market share of incumbent products, with significant variation by product.

**Other Competitive Products.** Although a number of competitive biologic branded products have been approved since HUMIRA was first introduced in 2003, most have gained only a modest share of the worldwide market. In addition, JAK inhibitors, a potential new class of orally administered products, remain pending before the FDA for approval, and the efficacy and safety of such products and their labeled indications have yet to be accepted and established by the FDA. AbbVie will continue to face competitive pressure from these biologics and, when approved, certain orally administered JAK inhibitors.

#### **Regulation—Discovery and Clinical Development**

**United States.** Securing approval to market a new pharmaceutical product in the United States requires substantial effort and financial resources and takes several years to complete. The applicant must complete preclinical tests, and obtain FDA approval before commencing clinical trials. Clinical trials are intended to establish the safety and efficacy of the pharmaceutical product and typically are conducted in three sequential phases, although the phases may overlap or be combined. Additional details on clinical trial phases can be found in the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations—Research and Development Programs." If the required clinical testing is successful, the results are submitted to the FDA in the form of an NDA or Biologic Listing Application (BLA) requesting approval to market the product for one or more indications. The FDA reviews an NDA or BLA to determine whether a product is safe and effective for its intended use and whether its manufacturing is compliant with current Good Manufacturing Practices (cGMP).

Even if an NDA or a BLA receives approval, the applicant must comply with post-approval requirements. For example, holders of an approval must report adverse reactions, provide updated safety and efficacy information, and comply with requirements concerning advertising and promotional labeling. Also, quality control and manufacturing procedures must continue to conform to cGMP after approval. The FDA periodically inspects manufacturing facilities to assess compliance with cGMP, which imposes extensive procedural, substantive, and record keeping requirements. In addition, as a condition of approval, the FDA may require post-marketing testing and surveillance to further assess and monitor the product's safety or efficacy after commercialization. Any post-approval regulatory obligations, and the cost of complying with such obligations, could expand in the future.

**Outside the United States.** AbbVie is subject to similar regulations outside the United States. AbbVie must obtain approval of a clinical trial application or product from the applicable regulatory authorities before it can commence clinical trials or marketing of the product. The approval requirements and process vary, and the time required to obtain approval may be longer or shorter than that required for FDA approval. For example, AbbVie may submit marketing authorizations in the European Union under either a centralized or decentralized procedure. The centralized procedure is mandatory for the approval of biotechnology products and many pharmaceutical products and provides for a single marketing authorization that is valid for all European Union member states. Under the centralized procedure, a single marketing authorization application is submitted to the European Medicines Agency. After the agency evaluates the application, it makes a recommendation to the European Commission, which then makes the final determination on whether to approve the application. The decentralized procedure provides for mutual recognition of national approval decisions and is available for products that are not subject to the centralized procedure.

In Japan, applications for approval of a new product are made through the Pharmaceutical and Medical Devices Agency (PMDA). Bridging studies to demonstrate that the foreign clinical data applies to Japanese patients may be required. After completing a comprehensive review, the PMDA reports to the Ministry of Health, Labour and Welfare, which then approves or denies the application.

The regulatory process in many emerging markets continues to evolve. Many emerging markets, including those in Asia, generally require regulatory approval to have been obtained in a large developed market (such as the United States) before the country will begin or complete its regulatory review process. Some countries also require that local clinical studies be conducted in order to obtain regulatory approval in the country.

The requirements governing the conduct of clinical trials and product licensing also vary. In addition, post-approval regulatory obligations such as adverse event reporting and cGMP generally apply and may vary by country. For example, after a marketing authorization has been granted in the EU, periodic safety reports must be submitted and other pharmacovigilance measures must be implemented.

#### **Regulation—Commercialization, Distribution, and Manufacturing**

The development, manufacture, marketing, sale, promotion, and distribution of AbbVie's products are subject to comprehensive government regulation. Government regulation by various national, regional, federal, state, and local agencies, both in the United States and other countries, addresses (among other matters) inspection of, and controls over, research and laboratory procedures, clinical investigations, product approvals and manufacturing, labeling, packaging, marketing and promotion, pricing and reimbursement, sampling, distribution, quality control, post-market surveillance, record keeping, storage, and disposal practices. AbbVie's operations are also affected by trade regulations in many countries that limit the import of raw materials and finished products and by laws and regulations that seek to prevent corruption and bribery in the marketplace (including the United States Foreign Corrupt Practices Act and the United Kingdom Bribery Act, which provide guidance on corporate

interactions with government officials) and require safeguards for the protection of personal data. In addition, AbbVie 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 manufacturers such as AbbVie are also subject to taxes, as well as application, product, user, establishment, and other fees. Governmental agencies can also invalidate or restrict intellectual property rights and control the entrance of multi-source drugs for small molecule and follow-on biologics.

Compliance with these laws and regulations is costly and materially affects AbbVie'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. AbbVie expects compliance with these regulations to 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.

In addition to regulatory initiatives, AbbVie's business can 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 discontinuance of, or limitations on, marketing of such products domestically or worldwide, 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 the United States and other 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. AbbVie expects insurers and providers to continue attempts to reduce the cost of health care products. Outside the United States, many countries control the price of health care products directly or indirectly, through reimbursement, payment, pricing, coverage limitations, or compulsory licensing. Budgetary pressures in the United States and in other countries may also heighten the scope and severity of pricing pressures on AbbVie's products for the foreseeable future.

**United States.** Specifically, U.S. federal laws requiring pharmaceuticals manufacturers to pay certain statutorily-prescribed rebates to state Medicaid programs on prescription drugs reimbursed under state Medicaid plans, and the efforts by states to seek additional rebates affect AbbVie's business. Similarly, the Veterans Health Care Act of 1992, as a prerequisite to participation in Medicaid and other federal health care programs, requires that manufacturers extend additional discounts on pharmaceutical products to various federal agencies, including the Department of Veterans Affairs, Department of Defense, and Public Health Service entities and institutions. In addition, recent legislative changes would require similarly discounted prices to be offered to TRICARE program beneficiaries. The Act also established the 340B drug discount program, which requires pharmaceuticals manufacturers to provide products at reduced prices to various designated health care entities and facilities.

In the United States, most states also have generic substitution legislation requiring or permitting a dispensing pharmacist to substitute a different manufacturer's generic version of a pharmaceutical product for the one prescribed. In addition, the federal 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. Medicare reimburses Part B drugs based on average sales price (ASP) plus a certain percentage to account for physician administration costs, which have recently been reduced in the hospital outpatient setting. End stage renal disease treatment is covered through a bundled payment that likewise creates incentives for providers to demand lower pharmaceutical prices. Medicare enters into contracts with private plans to negotiate prices for most patient-administered medicine delivered under Part D.

In March 2010, Congress enacted the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act (together, the Affordable Care Act). Under the Affordable Care Act, AbbVie pays a fee related to its pharmaceuticals sales to government programs. Also in 2011, AbbVie began providing a discount of 50 percent for branded prescription drugs sold to patients who fall into the Medicare Part D coverage gap, or "donut hole."

The Affordable Care Act also includes provisions known as the Physician Payments Sunshine Act, which require manufacturers of drugs and biologics covered under Medicare and Medicaid starting in 2012 to record any transfers of value to physicians and teaching hospitals and to report this data beginning in 2013 to the Centers for Medicare and Medicaid Services for subsequent public disclosure. Similar reporting requirements have also been enacted on the state level in the United States, and an increasing number of countries worldwide either have adopted or are considering similar laws requiring disclosure of interactions with health care professionals. Failure to report appropriate data may result in civil or criminal fines and/or penalties.

AbbVie expects debate to continue during 2012 at all government levels worldwide over the marketing, availability, method of delivery, and payment for health care products and services. AbbVie 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 the rate of price increases for health care products and services, change health care delivery systems, create new fees and obligations for the pharmaceuticals industry, or require additional reporting and disclosure. It is not possible to predict the extent to which AbbVie or the health care industry in general might be affected by the matters discussed above.

Following the separation, AbbVie will be subject to a Corporate Integrity Agreement (CIA) entered into by Abbott on May 7, 2012 that requires enhancements to certain compliance procedures and contains reporting obligations including disclosure of financial payments to doctors. If AbbVie fails to comply with the CIA, the Office of Inspector General for the U.S. Department of Health and Human Services may impose monetary penalties or exclude AbbVie from federal health care programs, including Medicare and Medicaid.

**European Union.** The EU has adopted directives and other legislation governing labeling, advertising, distribution, supply, pharmacovigilance, and marketing of pharmaceutical products. Such legislation provides mandatory standards throughout the EU and permits member states to supplement these standards with additional regulations. European governments also regulate pharmaceutical product prices through their control of national health care systems that fund a large part of the cost of such products to consumers. As a result, patients are unlikely to use a pharmaceutical product that is not reimbursed by the government. In many European countries, the government either regulates the pricing of a new product at launch or subsequent to launch through direct price controls or reference pricing. In recent years, many countries have also imposed new or additional cost containment measures on pharmaceutical products. Differences between national pricing regimes create price differentials within the EU that can lead to significant parallel trade in pharmaceutical products.

Most governments also promote generic substitution by mandating or permitting a pharmacist to substitute a different manufacturer's generic version of a pharmaceutical product for the one prescribed

and by permitting or mandating that health care professionals prescribe generic versions in certain circumstances. In addition, governments use reimbursement lists to limit the pharmaceutical products that are eligible for reimbursement by national health care systems.

**Japan.** In Japan, the National Health Insurance system maintains a Drug Price List specifying which pharmaceutical products are eligible for reimbursement, and the Ministry of Health, Labour and Welfare sets the prices of the products on this list. The government generally introduces price cut rounds every other year and also mandates price decreases for specific products. New products judged innovative or useful, that are indicated for pediatric use, or that target orphan or small population diseases, however, may be eligible for a pricing premium. The government has also promoted the use of generics, where available.

**Emerging Markets.** Many emerging markets take steps to reduce pharmaceutical product prices, in some cases through direct price controls and in others through the promotion of generic alternatives to branded pharmaceuticals.

Since AbbVie markets its products worldwide, certain products of a local nature and variations of product lines must also meet other local regulatory requirements. Certain additional risks are inherent in conducting business outside the United States, including price and currency exchange controls, changes in currency exchange rates, limitations on participation in local enterprises, expropriation, nationalization, and other governmental action.

#### **Employees**

AbbVie expects to employ approximately 30,000 persons as of the distribution date. Outside the United States, some of AbbVie's employees are represented by unions or works councils. AbbVie believes that it has good relations with its employees.

#### **Legal Proceedings**

AbbVie is involved in various claims, legal proceedings and investigations, including (as of November 20, 2012, except where noted below) 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 AbbVie's financial position, cash flows, or results of operations, except where noted below.

Several cases, brought as purported class actions or representative actions on behalf of individuals or entities, are pending against Abbott that allege generally that Abbott and numerous other pharmaceuticals companies reported false pricing information in connection with certain drugs that are reimbursable under Medicare and Medicaid and by private payors. These cases, brought by private plaintiffs, state Attorneys General, and other state government entities, generally seek monetary damages and/or injunctive relief and attorneys' fees. The federal court cases were consolidated for pre-trial purposes in the United States District Court for the District of Massachusetts under the Multi District Litigation Rules as *In re: Pharmaceutical Industry Average Wholesale Price Litigation, MDL 1456*, which now includes only one state Attorney General suit filed in August 2006 on behalf of the State of South Carolina. In addition, several cases are pending against Abbott in state courts: *Commonwealth of Kentucky*, filed in September 2003 in the Circuit Court of Franklin County, Kentucky; *State of Wisconsin*, filed in June 2004 in the Circuit Court of Dane County, Wisconsin; *State of Illinois*, filed in February 2005 in the Circuit Court of Cook County, Illinois; *State of South Carolina* (on behalf of its state health plan), filed in August 2006 in the Court of Common Pleas, Fifth Judicial Circuit of Richland County, South Carolina; *State of Alaska*, filed in October 2006 in the Superior Court for the Third Judicial District in Anchorage, Alaska; *State of Idaho*, filed in January 2007 in the District Court of the Fourth Judicial District in Ada County, Idaho; *State of Utah*, filed in November 2007 in the

Several pending lawsuits filed against Unimed Pharmaceuticals, Inc., Solvay Pharmaceuticals, Inc. (a company Abbott acquired in February 2010) et al. were consolidated for pre-trial purposes in the United States District Court for the Northern District of Georgia under the Multi District Litigation Rules as *In re AndroGel Antitrust Litigation*, MDL No. 2084. These cases, brought by private plaintiffs and the Federal Trade Commission (FTC), generally allege Solvay's 2006 patent litigation involving AndroGel was sham litigation and the patent litigation settlement agreement and related agreements with three generic companies violate federal and state antitrust laws and state consumer protection and unjust enrichment laws. Plaintiffs generally seek monetary damages and/or injunctive relief and attorneys' fees. MDL 2084 includes: (a) 3 individual plaintiff lawsuits: *Supervalu, Inc. v. Unimed Pharmaceuticals, Inc. et al.*, was filed in April 2010 in the United States District Court for the Northern District of Georgia; and *Rite Aid Corp. et al. v. Unimed Pharmaceuticals, Inc. et al.* and *Walgreen Co. et al. v. Unimed Pharmaceuticals, Inc. et al.*, both of which were filed in June 2009 in the United States District Court for the Middle District of Pennsylvania and subsequently transferred to the United States District Court for the Northern District of Georgia; (b) 7 purported class actions: *Meijer, Inc. et al. v. Unimed Pharmaceuticals, Inc. et al.*, *Rochester Drug Co-Operative, Inc. et al. v. Unimed Pharmaceuticals, Inc. et al.*, and *Louisiana Wholesale Drug Co., Inc. et al. v. Unimed Pharmaceuticals, Inc. et al.*, all of which were filed in May 2009 in the United States District Court for the Northern District of Georgia; *Fraternal Order of Police v. Unimed Pharmaceuticals, Inc. et al.*, filed in September 2009 in the United States District Court for the Northern District of Georgia; *Jabo's Pharmacy, Inc. v. Solvay Pharmaceuticals, Inc. et al.*, filed in October 2009 in the United States District Court for the Eastern District of Tennessee; *LeGrand v. Unimed Pharmaceuticals, Inc. et al.*, filed in September 2010 in the United States District Court for the Northern District of Georgia; and *Health Net, Inc. v. Solvay Pharmaceuticals, Inc.*, filed in February 2011 in the Northern District of Georgia; and (c) a lawsuit brought by the FTC, *Federal Trade Commission v. Watson Pharmaceuticals, Inc. et al.*, filed in May 2009 in the United States District Court for the Northern District of Georgia. In February 2010, Solvay's motion to dismiss the cases was partially granted and all of the FTC's claims and all of the plaintiffs' claims except those alleging sham litigation were dismissed. In May 2012, that decision was affirmed on appeal by the United States Court of Appeals for the Eleventh Circuit, and in October 2012, the FTC filed a writ of certiorari with the United States Supreme Court seeking a review of the decision. In September 2012, the District Court granted summary judgment in favor of Solvay on the remaining claims of the private plaintiffs.

The United States Department of Justice, through the United States Attorney for Maryland, is investigating the sales and marketing practices of Abbott for Micardis®, a drug co-promoted for (until March 31, 2006) and manufactured by Boehringer Ingelheim. The government is seeking to determine whether any of these practices resulted in any violations of civil and/or criminal laws, including the Federal False Claims Act and the Anti-Kickback Statute, in connection with the Medicare and/or Medicaid reimbursement paid to third parties.

Abbott is seeking to enforce its patent rights relating to fenofibrate tablets (a drug Abbott sells under the trademark TriCor). In a case filed in the United States District Court for the District of New Jersey in August 2011, Abbott and the patent owner, Laboratoires Fournier, S.A. (Fournier), allege infringement of three patents and seek injunctive relief against Mylan Pharmaceuticals Inc. and Mylan, Inc. (Mylan). In a related case where Abbott is involved as a result of its acquisition of Fournier Laboratories Ireland Ltd. (Fournier Ireland), Abbott is seeking to enforce additional rights relating to fenofibrate tablets. In a case filed in the United States District Court for the District of New Jersey in August 2011, Abbott's subsidiary, Fournier Ireland, and joint patent owner, Alkermes Pharma Ireland Limited (Alkermes), allege infringement of two jointly-owned patents and seek injunctive relief against Mylan.

Abbott is seeking to enforce its patent rights relating to ritonavir/lopinavir tablets (a drug Abbott sells under the trademark Kaletra). In a case filed in the United States District Court for the Northern District of Illinois in March 2009, Abbott alleges that Matrix Laboratories, Inc., Matrix Laboratories, Ltd., and Mylan, Inc.'s proposed generic products infringe Abbott's patents and seeks declaratory and injunctive relief. Upon Matrix's motion in November 2009, the court granted a five-year stay of the litigation unless good cause to lift the stay is shown.

Abbott is seeking to enforce its patent rights relating to ritonavir tablets (a drug Abbott sells under the trademark Norvir). In a case filed in the United States District Court for the District of Delaware in April 2012, Abbott alleges that Roxane Laboratories, Inc.'s (Roxane) proposed generic ritonavir product infringes five Abbott patents and seeks declaratory and injunctive relief. Also in April 2012, Roxane filed a declaratory judgment action in the United States District Court for the Southern District of Ohio alleging that two of the five Abbott patents are invalid and not infringed by Roxane's proposed generic ritonavir product.

Abbott is seeking to enforce its patent rights relating to niacin extended release tablets (a drug Abbott sells under the trademark Niaspan). In February 2010, Abbott filed a case in the United States District Court for the District of Delaware alleging that Sun Pharmaceutical Industries Limited's and Sun Pharma Global FZE's generic product infringes Abbott's patents and seeks declaratory and injunctive relief. In a second case filed in June 2010 in the United States District Court for the District of Delaware, Abbott alleges Sandoz, Inc.'s proposed generic product infringes Abbott's patents and seeks declaratory and injunctive relief. In a third case filed in January 2012 in the United States District Court for the District of Delaware, Abbott alleges Zydus Pharmaceuticals USA, Inc.'s proposed generic product infringes Abbott's patents and seeks declaratory and injunctive relief. In cases filed in February 2012 and August 2012 in the United States District Court for the District of Delaware, Abbott alleges that Amneal Pharmaceutical's proposed generic products infringe Abbott's patents and seeks declaratory and injunctive relief. In two additional cases, each filed in the United States District Court for the District of Delaware in March 2012, Abbott alleges that Mylan Pharmaceutical's and Watson Pharmaceutical's proposed generic products infringe Abbott's patents and seeks declaratory and injunctive relief. In a case filed in November 2012, Abbott alleges that a third Watson Pharmaceutical's proposed generic product infringes Abbott's patents and seeks declaratory and injunctive relief. Finally, in a case filed in the United States District Court for the District of Delaware in June 2012, Abbott alleges that Kremers Urban Pharmaceuticals Inc.'s proposed generic product infringes Abbott's patents and seeks declaratory and injunctive relief.

Abbott is seeking to enforce certain patent rights that cover the use of fully human anti-TNF alpha antibodies with methotrexate to treat rheumatoid arthritis. In a case filed in the United States District Court for the District of Massachusetts in May 2009, Abbott alleges Centocor Inc.'s product Simponi® infringes Abbott's patents and seeks damages and injunctive relief.

Abbott is seeking to enforce its patent rights relating to fenofibric acid capsules (a drug Abbott sells under the trademark Trilipix). In a case against Sandoz, Inc., filed in March 2011 in the United States District Court for the District of New Jersey, Abbott and its subsidiary Fournier Ireland allege that Sandoz's proposed generic product infringes Abbott's patent and seek injunctive relief.



## MANAGEMENT

### Executive Officers Following the Separation

While some of AbbVie's executive officers are currently officers and employees of Abbott, upon the separation, none of these individuals will continue to be employees or executive officers of Abbott. The following table sets forth information regarding individuals who are expected to serve as AbbVie's executive officers, including their positions after the separation.

Name	Age	Position
Richard A. Gonzalez	58	Chairman of the Board and Chief Executive Officer
Laura J. Schumacher	49	Executive Vice President, Business Development, External Affairs and General Counsel
William J. Chase	44	Executive Vice President, Chief Financial Officer
Carlos Alban	49	Executive Vice President, Commercial Operations
John M. Leonard, M.D.	55	Senior Vice President, Chief Scientific Officer
Timothy J. Richmond	46	Senior Vice President, Human Resources
Azita Saleki-Gerhardt	49	Senior Vice President, Operations
Thomas A. Hurwich	52	Vice President, Controller

Mr. Gonzalez is the Chairman and Chief Executive Officer of AbbVie. He has served as Abbott's Executive Vice President, Pharmaceutical Products Group since July 2010, and is responsible for Abbott's worldwide pharmaceutical business, including commercial operations, research and development, and manufacturing. He has also served as President, Abbott Ventures Inc., Abbott's medical technology investment arm, from 2009 to 2011. Mr. Gonzalez joined Abbott in 1977 and held various management positions before briefly retiring in 2007, including Abbott's President and Chief Operating Officer, President, Chief Operating Officer of Abbott's Medical Products Group, Senior Vice President and President of Abbott's former Hospital Products Division (now Hospira, Inc.), Vice President and President of Abbott's Health Systems Division, and Divisional Vice President and General Manager for Abbott's Diagnostics Operations in the United States and Canada.

Ms. Schumacher will be named Executive Vice President, Business Development, External Affairs and General Counsel of AbbVie. She has served as Executive Vice President, General Counsel, and Corporate Secretary of Abbott since 2007 and Abbott's Senior Vice President, Corporate Secretary, and General Counsel from 2005 to 2007. Ms. Schumacher is also responsible for Abbott's licensing and acquisitions function and its Office of Ethics and Compliance. Prior to her appointment as General Counsel, Ms. Schumacher headed Abbott's litigation department. Ms. Schumacher became a corporate officer of Abbott in 2003. Ms. Schumacher joined Abbott in 1990.

Mr. Chase will be named Executive Vice President, Chief Financial Officer of AbbVie. He has served as Vice President, Licensing and Acquisitions since 2010, Vice President, Treasurer from 2007 to 2010, and Divisional Vice President, Controller of Abbott International from 2004 to 2007. Mr. Chase became a corporate officer of Abbott in December 2007. Mr. Chase joined Abbott in 1989.

Mr. Alban is expected to be named AbbVie's Executive Vice President, Commercial Operations at or before the distribution. He has served as Abbott's Senior Vice President, Proprietary Pharmaceutical Products, Global Commercial Operations since 2011, as Senior Vice President, International Pharmaceuticals from 2009 to 2011, and as Vice President, Pharmaceuticals, Western Europe and Canada from 2008 to 2009, as Vice President, Western Europe and Canada from 2007 to 2008, and as Vice President, European Operations from 2006 to 2007. Mr. Alban joined Abbott in 1986.

Dr. Leonard is expected to be named Senior Vice President, Chief Scientific Officer of AbbVie at or before the distribution. He has served as Abbott's Senior Vice President, Pharmaceuticals, Research and Development since 2008 and Vice President, Global Pharmaceutical Research and Development

from 2006 to 2008. Dr. Leonard became a corporate officer of Abbott in 1999. Dr. Leonard joined Abbott in 1992.

Mr. Richmond will be named AbbVie's Senior Vice President, Human Resources. He has served as Abbott's Divisional Vice President of Compensation & Benefits since 2008, Group Vice President of Talent and Rewards since 2007, and Divisional Vice President of Talent Acquisition since 2006. Mr. Richmond joined Abbott in 2006.

Azita Saleki-Gerhardt is expected to be named AbbVie's Senior Vice President, Operations at or prior to the distribution. Ms. Saleki-Gerhardt has served as Abbott's Vice President, Pharmaceuticals Manufacturing and Supply since 2011 and served as Divisional Vice President, Quality Assurance, Global Pharmaceutical Operations from 2008 to 2011. Ms. Saleki-Gerhardt joined Abbott in 1993.

Thomas A. Hurwich is expected to be named AbbVie's Vice President, Controller at or prior to the distribution. Mr. Hurwich has served as Abbott's Vice President, Internal Audit since 2009 and served as Divisional Vice President, Controller, Abbott Diagnostics Division from 2003 to 2009. Mr. Hurwich joined Abbott in 1983.

#### **Board of Directors Following the Separation**

The following table sets forth information with respect to those persons, in addition to Mr. Gonzalez, who are expected to serve on AbbVie's board of directors following the completion of the separation. The nominees will be presented to AbbVie's sole stockholder, Abbott, for election prior to the separation. AbbVie may name and present additional nominees for election prior to the separation.

<u>Name</u>	<u>Age</u>	<u>Title</u>
Richard A. Gonzalez	58	Chairman of the Board and Chief Executive Officer
Robert J. Alpern, M.D.	62	Director
Roxanne S. Austin	51	Director
William H.L. Burnside	61	Director
Edward M. Liddy	66	Director
Edward J. Rapp	55	Director
Roy S. Roberts	73	Director
Glenn F. Tilton	64	Director
Frederick H. Waddell	59	Director

At the time of the separation, AbbVie expects that its board of directors will consist of the directors set forth above. Upon completion of the separation, AbbVie's board of directors will be divided into three classes, each comprised of three directors. The three directors designated as Class I directors will have terms expiring at the first annual meeting of stockholders following the distribution, which AbbVie expects to hold in 2013. The three directors designated as Class II directors will have terms expiring at the following year's annual meeting of stockholders, which AbbVie expects to hold in 2014, and the three directors designated as Class III directors will have terms expiring at the following year's annual meeting of stockholders, which AbbVie expects to hold in 2015. AbbVie expects that Class I will be comprised of Messrs. Roberts, Burnside, and Rapp; Class II will be comprised of Messrs. Liddy and Waddell and Dr. Alpern; and Class III will be comprised of Ms. Austin and Messrs. Gonzalez and Tilton. Commencing with the first annual meeting of stockholders following the separation, directors for each class will be elected at the annual meeting of stockholders held in the year in which the term for that class expires and thereafter will serve for a term of three years. At any meeting of stockholders for the election of directors at which a quorum is present, the election will be determined by a majority of the votes cast by the stockholders entitled to vote in the election, with directors not receiving a majority of the votes cast required to tender their resignations for

consideration by the board, except that in the case of a contested election, the election will be determined by a plurality of the votes cast by the stockholders entitled to vote in the election.

As a result of his service as Abbott's Executive Vice President, Pharmaceutical Products Group since July 2010, his previous service as Abbott's president and chief operating officer and his more than 30-year career at Abbott, Mr. Gonzalez has developed valuable business, management and leadership experience, as well as extensive knowledge of AbbVie and its global operations. Mr. Gonzalez will be able to use his experience and knowledge to contribute key insights into strategic, management, and operational matters to AbbVie's board.

Dr. Alpern has served as the Ensign Professor of Medicine, Professor of Internal Medicine, and Dean of Yale School of Medicine since June 2004. From July 1998 to June 2004, Dr. Alpern was the Dean of The University of Texas Southwestern Medical Center. Dr. Alpern served on the Scientific Advisory Board of Ilypsa from 2004 until 2007 and since 2007 has served on the Scientific Advisory Board of Relypsa. Dr. Alpern also serves as a director of Abbott Laboratories and as a director on the Board of Yale–New Haven Hospital. As the Ensign Professor of Medicine, Professor of Internal Medicine, and Dean of Yale School of Medicine, Dean of The University of Texas Southwestern Medical Center, and as a director Yale–New Haven Hospital, Dr. Alpern contributes valuable insights to the Board through his medical and scientific expertise and his knowledge of the health care environment and the scientific nature of AbbVie's key research and development initiatives.

Ms. Austin is president of Austin Investment Advisors, a private investment and consulting firm, a position she has held since 2004. From July 2009 through July 2010, Ms. Austin also served as the president and chief executive officer of Move Networks, Inc., a provider of Internet television services. Ms. Austin served as president and chief operating officer of DIRECTV, Inc. from June 2001 to December 2003. Ms. Austin is also a director of Abbott Laboratories, Target Corporation, Teledyne Technologies, Inc. and Telefonaktiebolaget LM Ericsson. Through her extensive management and operating roles, including her financial roles, Ms. Austin contributes significant oversight and leadership experience, including financial expertise and knowledge of financial statements, corporate finance and accounting matters.

Mr. Burnside is a retired senior vice president and director at The Boston Consulting Group (BCG), where he currently serves as an advisor. Prior to becoming managing partner of BCG's Los Angeles office in 1987, he worked in BCG's London and Chicago offices, servicing clients in telecommunications, media, defense, financial services, and manufacturing. Mr. Burnside is a director at Executive Service Corps Southern California and Audobon California. Through his experience with The Boston Consulting Group, Mr. Burnside acquired knowledge and understanding of corporate finance and capital markets matters, as well as global and domestic strategic advisory experience across a broad base of industries.

Mr. Liddy has been a partner in the private equity investment firm Clayton, Dubilier & Rice, LLC since January 2010, having also been a partner at such firm from April to September 2008. From September 2008 to August 2009, Mr. Liddy was the interim chairman and chief executive officer of American International Group, Inc. (AIG). He served at AIG at the request of the U.S. Department of the Treasury. From January 1999 to April 2008, Mr. Liddy served as chairman of the board of the Allstate Corporation. He served as chief executive officer of Allstate from January 1999 to December 2006, President from January 1995 to May 2005, and chief operating officer from August 1994 to January 1999. Mr. Liddy currently serves on the board of directors of Abbott Laboratories, 3M Company, and The Boeing Company. In addition, Mr. Liddy formerly served on the boards of The Goldman Sachs Group, Inc. from 2003 to 2008 and The Boeing Company from 2007 to 2008. As the chairman and chief executive officer of Allstate Corporation and American International Group, Inc., Mr. Liddy brings valuable insights from the perspective of the insurance industry into AbbVie's pharmaceutical and medical device businesses. As a partner of Clayton, Dubilier & Rice, LLC,

Mr. Liddy gained significant knowledge and understanding of finance and capital markets matters as well as global and domestic strategic advisory experience.

Mr. Rapp has served as the chief financial officer of Caterpillar since 2010 and as group president since 2007. Mr. Rapp is presently a board member for FM Global, and Junior Achievement USA. He is currently a member of the University of Missouri College of Business Strategic Development Board. As a result of his tenure as group president and chief financial officer at Caterpillar, Inc., Mr. Rapp has acquired management, operational, and financial expertise and provides the board with an informed perspective on financial matters faced by a complex international company.

Mr. Roberts is currently Emergency Financial Manager for Detroit Public Schools. Previously, he served as Managing Director of Reliant Equity Investors from 2000 to 2011. Mr. Roberts retired from General Motors in April 2000. At the time of his retirement, he was Group Vice President for North American Vehicle Sales, Service and Marketing of General Motors Corporation, having been elected to that position in October 1998. Mr. Roberts has served as director on the following boards: Therman Manufacturing Company 2007-2010, Enova Systems, Inc., 2008-2011, Burlington Northern Santa Fe, 1991-2010, and Abbott Laboratories, 1998-2011. As a former executive of a major international corporation, Mr. Roberts has a strong record of valuable business, leadership, operational, and management experience which he brings to the board.

In 2011, Mr. Tilton became chairman of the Midwest for JPMorgan Chase & Co. and a member of its companywide executive committee. Since October 2010, Mr. Tilton has also been non-executive chairman of the board of United Continental Holdings, Inc. From September 2002 to October 2010, he served as chairman, president and chief executive officer of UAL Corporation, and chairman and chief executive officer of United Air Lines, Inc., its wholly owned subsidiary. UAL Corporation filed a voluntary bankruptcy petition under the federal bankruptcy laws in December 2002 and exited bankruptcy in February 2006. Mr. Tilton is also a director of Abbott Laboratories, United Continental Holdings, Inc., and Phillips 66. Mr. Tilton also served on the board of directors of Lincoln National Corporation from 2002 to 2007, of TXU Corporation from 2005 to 2007, and of Corning Incorporated from 2010 to 2012. As chairman of the Midwest for JPMorgan Chase & Co. and non-executive chairman of the board of United Continental Holdings, Inc., and having previously served as chairman, president, and chief executive officer of UAL Corporation and United Air Lines, vice chairman of Chevron Texaco and as interim chairman of Dynegy, Inc., Mr. Tilton acquired strong management experience overseeing complex multinational businesses operating in highly regulated industries, as well as expertise in finance and capital markets matters.

Mr. Waddell has served as the chief executive officer of Northern Trust Corporation and The Northern Trust Company since January 2008 and as chairman of the board since November 2009. He served as president from February 2006 through September 2011, and as chief operating officer from February 2006 to January 2008. He is currently a board member at the Federal Reserve Bank of Chicago and served as a board member of Northern Trust from February 2006 to November 2009 prior to becoming the chairman of the board. As chairman and chief executive officer of Northern Trust Corporation and The Northern Trust Company, Mr. Waddell possesses broad financial services experience with a strong record of leadership in a highly regulated industry.

#### ***Director Independence***

A majority of AbbVie's board of directors will be comprised of directors who are "independent" as defined by the rules of the NYSE and the Corporate Governance Guidelines to be adopted by the board. AbbVie will seek to have all of its non-management directors qualify as "independent" under these standards. AbbVie's board of directors is expected to establish categorical standards to assist it in making its determination of director independence. AbbVie expects these standards will provide that no director qualifies as "independent" unless the board of directors affirmatively determines that the director has no material relationship with the company or its subsidiaries (either directly or as a

partner, shareholder or officer of an organization that has a relationship with the company or any of its subsidiaries). In making this determination, the board of directors shall consider all relevant facts and circumstances, including the following standards:

- a director is not independent if the director is, or has been within the last three years, an employee of AbbVie or its subsidiaries, or an immediate family member is, or has been within the last three years, an executive officer of AbbVie or its subsidiaries;
- a director is not independent if the director has received, or has an immediate family member who has received, during any 12-month period within the last three years, more than \$120,000 in direct compensation from AbbVie or its subsidiaries, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service), and other than amounts received by an immediate family member for service as an employee (other than an executive officer);
- a director is not independent if (A) the director or an immediate family member is a current partner of a firm that is AbbVie's internal or external auditor; (B) the director is a current employee of such a firm; (C) the director has an immediate family member who is a current employee of such a firm and personally works on AbbVie's or its subsidiaries' audit; or (D) the director or an immediate family member was within the last three years a partner or employee of such a firm and personally worked on AbbVie or its subsidiaries' audit within that time;
- a director is not independent if the director or an immediate family member is, or has been within the last three years, employed as an executive officer of another company where any of the present executive officers of AbbVie or its subsidiaries at the same time serves or served on that company's compensation committee;
- a director is not independent if the director is a current employee, or an immediate family member is a current executive officer, of a company that has made payments to, or received payments from, AbbVie or its subsidiaries for property or services in an amount that, in any of the last three fiscal years, exceeds the greater of \$1 million, or two percent of such other company's consolidated gross revenues; and
- a director is not independent if the director is an executive officer of a charitable organization that received charitable contributions (other than matching contributions) from AbbVie and its subsidiaries in the preceding fiscal year that are in excess of the greater of \$1 million or 2 percent of such charitable organization's consolidated gross revenues.

AbbVie's board of directors will assess on a regular basis, and at least annually, the independence of directors and, based on the recommendation of the Nominations and Governance Committee, will make a determination as to which members are independent. References to "AbbVie" above include any subsidiary in a consolidated group with AbbVie. The terms "immediate family member" and "executive officer" above are expected to have the same meanings specified for such terms in the NYSE listing standards.

#### **Committees of the Board of Directors**

Effective upon the completion of the separation, AbbVie's board of directors will have the following standing committees: an Executive Committee, an Audit Committee, a Nominations and Governance Committee, a Compensation Committee, and a Public Policy Committee.

*Executive Committee.* Messrs. Gonzalez, Liddy, Roberts, and Tilton and Ms. Austin are expected to be the members of the board's Executive Committee. Mr. Gonzalez is expected to be the Executive Committee Chairman. This committee will have the ability to exercise all the authority of the board in the management of AbbVie, except for matters expressly reserved by law for board action.

*Audit Committee.* Ms. Austin and Messrs. Burnside, Rapp, and Waddell are expected to be the members of the board's Audit Committee. Ms. Austin is expected to be the Audit Committee Chairman. The board of directors is expected to determine that at least one member of the Audit Committee is an "audit committee financial expert" for purposes of the rules of the SEC. In addition, AbbVie expects that the board of directors will determine that each of the members of the Audit Committee will be independent, as defined by the rules of the NYSE, Section 10A(m)(3) of the Exchange Act, and in accordance with the company's Corporate Governance Guidelines. The Audit Committee will meet at least quarterly and will assist the board of directors in fulfilling its oversight responsibilities by reviewing and reporting to the board of directors on AbbVie's accounting and financial reporting practices and the audit process, the quality and integrity of the company's financial statements, the independent auditors' qualifications, independence, and performance, the performance of the company's internal audit function and internal auditors, and certain areas of legal and regulatory compliance.

*Nominations and Governance Committee.* Messrs. Tilton, Burnside, and Roberts and Dr. Alpern are expected to be the members of the board's Nominations and Governance Committee. Mr. Tilton is expected to be the Nominations and Governance Committee Chairman. The board of directors is expected to determine that each of the members of the Nominations and Governance Committee will be independent, as defined by the rules of the NYSE and in accordance with the company's Corporate Governance Guidelines. The Nominations and Governance Committee will assist the board of directors in identifying individuals qualified to become members of the board of directors (consistent with the criteria approved by AbbVie's board of directors), recommending director candidates for AbbVie's board of directors and its committees, recommending to the board the persons to be elected as AbbVie's executive officers, developing and recommending Corporate Governance Guidelines to AbbVie's board of directors, serving as a point of contact for stockholders, and performing a leadership role in shaping AbbVie's corporate governance.

*Compensation Committee.* Messrs. Liddy, Tilton, and Waddell and Ms. Austin are expected to be the members of the board's Compensation Committee. Mr. Liddy is expected to be the Compensation Committee Chairman. The board of directors is expected to determine that each member of the Compensation Committee will be independent, as defined by the rules of the NYSE and in accordance with the company's Corporate Governance Guidelines. In addition, AbbVie expects that the members of the Compensation Committee will qualify as "non-employee directors" for purposes of Rule 16b-3 under the Exchange Act and as "outside directors" for purposes of Section 162(m) of the Code. The Compensation Committee will assist the board of directors in carrying out the board's responsibilities relating to the compensation of AbbVie's executive officers and directors. The Compensation Committee will annually review the compensation paid to the members of the board and give its recommendations to the full board regarding both the amount of director compensation that should be paid and the allocation of that compensation between equity-based awards and cash. In recommending director compensation, the Compensation Committee will take comparable director fees into account and review any arrangement that could be viewed as indirect director compensation. This committee will also review, approve, and administer the incentive compensation plans in which any executive officer of AbbVie participates and all of AbbVie's equity-based plans. It may delegate the responsibility to administer and make grants under these plans to management, except to the extent that such delegation would be inconsistent with applicable law or regulation or with the listing rules of the NYSE. The Compensation Committee will have the sole authority, under its charter, to select, retain, and/or terminate independent compensation advisors.

*Public Policy Committee.* Messrs. Roberts, Liddy, and Rapp and Dr. Alpern are expected to be members of the board's Public Policy Committee. Mr. Roberts is expected to be the Public Policy Committee Chairman. The board of directors is expected to determine that each member of the Public Policy Committee is independent, as defined by the rules of the NYSE and in accordance with the company's Corporate Governance Guidelines. The Public Policy Committee will be responsible for

assisting the board of directors in fulfilling its oversight responsibility with respect to AbbVie's public policy, certain areas of legal and regulatory compliance, and governmental affairs and health care compliance issues that affect the company by discharging the responsibilities set forth in its charter.

The board of directors is expected to adopt a written charter for each of the Audit Committee, the Nominations and Governance Committee, the Compensation Committee, and the Public Policy Committee. These charters will be posted on AbbVie's website in connection with the separation.

#### **Compensation Committee Interlocks and Insider Participation**

During the company's fiscal year ended December 31, 2011, AbbVie was not an independent company, and did not have a compensation committee or any other committee serving a similar function. Decisions as to the compensation of those who currently serve as AbbVie's executive officers were made by Abbott, as described in the section of this information statement captioned "Compensation Discussion and Analysis."

#### **Corporate Governance**

##### ***Stockholder Recommendations for Director Nominees***

AbbVie's amended and restated by-laws will contain provisions that address the process by which a stockholder may nominate an individual to stand for election to the board of directors. AbbVie expects that the board of directors will adopt a policy concerning the evaluation of stockholder recommendations of board candidates by the Nominations and Governance Committee.

##### ***Corporate Governance Guidelines***

The board of directors is expected to adopt a set of Corporate Governance Guidelines in connection with the separation to assist it in guiding AbbVie's governance practices. These practices will be regularly re-evaluated by the Nominations and Governance Committee in light of changing circumstances in order to continue serving the company's best interests and the best interests of its stockholders.

##### ***Communicating with the Board of Directors***

The company's Corporate Governance Guidelines will include procedures by which stockholders and other interested parties may communicate with AbbVie's board of directors by writing a letter to the chairman of the board, to the lead director, or to the independent directors c/o AbbVie, 1 North Waukegan Road, North Chicago, Illinois 60064. The general counsel and corporate secretary will regularly forward to the addressee all letters other than mass mailings, advertisements, and other materials not relevant to AbbVie's business. In addition, directors will regularly receive a log of all correspondence received by the company that is addressed to a member of the board and may request any correspondence on that log.

##### ***Director Qualification Standards***

The company's Corporate Governance Guidelines will provide that the Nominations and Governance Committee is responsible for reviewing with AbbVie's board of directors the appropriate skills and characteristics required of board members in the context of the makeup of the board of directors and developing criteria for identifying and evaluating board candidates.

The process that this committee will use to identify a nominee to serve as a member of the board of directors will depend on the qualities being sought. From time to time, AbbVie may engage an executive search firm to assist the committee in identifying individuals qualified to be board members. Board members should have backgrounds that when combined provide a portfolio of experience and knowledge that will serve AbbVie's governance and strategic needs. In the process of identifying

nominees to serve as a member of the board of directors, the Nominations and Governance Committee will consider the board's diversity of ethnicity, gender, and geography and assesses the effectiveness of the process in achieving that diversity. Board candidates will be considered on the basis of a range of criteria, including broad-based business knowledge and relationships, prominence and excellent reputations in their primary fields of endeavor, worldwide business perspective, and commitment to good corporate citizenship. The committee will also consider the individual's independence, judgment, integrity, and ability to commit sufficient time and attention to the activities of the board, as well as the absence of any potential conflicts with AbbVie's interests. Candidates should have demonstrated experience and ability that is relevant to the board of directors' oversight role with respect to AbbVie's business and affairs.

The Nominations and Governance Committee will consider the criteria described above in the context of an assessment of the perceived needs of the board of directors as a whole and seek to achieve diversity of occupational and personal backgrounds on the board. The board will be responsible for selecting candidates for election as directors based on the recommendation of the Nominations and Governance Committee.

#### ***Lead Director***

The lead director will facilitate communication with the board of directors and will preside over regularly conducted executive sessions of the independent directors or sessions where the chairman of the board is not present. It will be the role of the lead director to review and approve matters, such as agenda items, schedule sufficiency, and, where appropriate, information provided to other board members. The lead director will be chosen by and from the independent members of the board of directors, and will serve as the liaison between the chairman and the independent directors; however, all directors will be encouraged to consult with the chairman on each of the above topics as well. Mr. Tilton is expected to be named AbbVie's lead director. The lead director, and each of the other directors, will be expected to communicate regularly with the chairman and chief executive officer regarding appropriate agenda topics and other board related matters. The lead director also has the authority to call meetings of the independent directors and, if requested by major stockholders, ensures that he or she is available for consultation and direct communication.

#### ***Policies on Business Ethics; Chief Compliance Officer***

In connection with the separation, AbbVie will adopt a Code of Conduct that requires all its business activities to be conducted in compliance with laws, regulations, and ethical principles and values. All directors, officers, and employees of AbbVie will be required to read, understand, and abide by the requirements of the Code of Conduct.

The Code of Conduct will be accessible on the company's website. Any waiver of the Code of Conduct for directors or executive officers may be made only by the Audit Committee. AbbVie will disclose any amendment to, or waiver from, a provision of the Code of Conduct for the principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, on the company's website within four business days following the date of the amendment or waiver. In addition, the company will disclose any waiver from the Code of Conduct for the other executive officers and for directors on the website.

AbbVie expects to have a Chief Compliance Officer who will report to both the Chief Executive Officer and to the Public Policy Committee. The Chief Compliance Officer will be responsible for overseeing, administering, and monitoring AbbVie's Compliance Program.

#### ***Procedures for Treatment of Complaints Regarding Accounting, Internal Accounting Controls, and Auditing Matters***

In accordance with the Sarbanes-Oxley Act of 2002, AbbVie expects that its Audit Committee will adopt procedures for the receipt, retention, and treatment of complaints regarding accounting, internal accounting controls, and auditing matters and to allow for the confidential, anonymous submission by employees and others of concerns regarding questionable accounting or auditing matters.



## COMPENSATION DISCUSSION AND ANALYSIS

### Introduction

As noted above, AbbVie is currently part of Abbott and not an independent company, and its Compensation Committee has not yet been constituted. Decisions as to the past compensation of those who currently serve as its officers have been made by Abbott. This Compensation Discussion and Analysis discusses these historical compensation practices and attempts to outline certain aspects of AbbVie's anticipated compensation structure for its senior executive officers following the separation. While AbbVie has discussed its anticipated programs and policies with the Compensation Committee of Abbott's board of directors (the Abbott Compensation Committee), they remain subject to the review and approval of AbbVie's own Compensation Committee.

For purposes of the following Compensation Discussion and Analysis and executive compensation disclosures, the individuals listed below are collectively referred to as AbbVie's "named executive officers." They are AbbVie's chief executive officer and chief financial officer, and its three most highly compensated executive officers (other than the chief executive officer and chief financial officer), based on 2011 compensation from Abbott.

- *Richard A. Gonzalez, AbbVie Chief Executive Officer.* Prior to the separation, Mr. Gonzalez served as Abbott's Executive Vice President, Pharmaceutical Products Group.
- *Laura J. Schumacher, AbbVie Executive Vice President, Business Development, External Affairs and General Counsel.* Prior to the separation, Ms. Schumacher served as Abbott's Executive Vice President, General Counsel, and Corporate Secretary.
- *William J. Chase, AbbVie Chief Financial Officer.* Prior to the separation, Mr. Chase served as Abbott's Vice President, Licensing and Acquisitions.
- *Carlos Alban, AbbVie Executive Vice President, Commercial Operations.* Prior to the separation, Mr. Alban served as Abbott's Senior Vice President, Proprietary Pharmaceutical Products, Global Commercial Operations.
- *John M. Leonard, M.D., AbbVie Senior Vice President, Chief Scientific Officer.* Prior to the separation, Dr. Leonard served as Abbott's Senior Vice President, Pharmaceuticals, Research and Development.

Additional information about AbbVie's expected senior executive team following the separation is set forth in the section of this information statement captioned "Management—Executive Officers Following the Separation." Initially, AbbVie's compensation policies will be largely the same as those employed at Abbott. AbbVie's Compensation Committee will review these policies and practices, and, it is expected, will make adjustments to support AbbVie's strategies and to remain market competitive.

The following sections of this Compensation Discussion and Analysis describe Abbott's compensation philosophy, policies and practices as they applied to the AbbVie named executive officers listed above during 2011.

### Compensation Philosophy and Components of Pay

#### *Historically*

Abbott and the Abbott Compensation Committee have established a compensation philosophy that is designed to attract and retain executive officers whose talent and contributions sustain Abbott's profitable growth. The intent of this philosophy is to directly support achievement of Abbott's primary business strategies and goals, while also aligning executive officers' performance and rewards with shareholders' interests. Consequently, the vast majority of executive compensation at Abbott is performance-based.

There are four primary pay components that have formed Abbott's executive pay program as part of the Abbott organization: base pay, annual bonuses, long-term incentives, and benefits. Each serves complementary, but different, and specific, purposes.

*Base Pay.* Setting appropriate levels of base pay ensures that Abbott can attract and retain a leadership team that will continue to meet Abbott's commitments to customers and patients and sustain profitable growth for Abbott's shareholders. Talented executive officers have choices of where they work, and Abbott's base pay rates need to be competitive in the context of total compensation.

*Annual Bonus.* Abbott's annual bonus (short-term incentive) program aims to align executive officers' interests directly with the annual operating strategies, financial goals, and leadership requirements of Abbott's business. It provides a direct link between executive officers' short-term incentives and Abbott's annual performance results through both measurable financial and operational performance and subjective assessments of strategic progress. Some goals, strategies, and leadership requirements may apply to all executive officers and, as such, may be corporate priorities that are shared by all Abbott executive officers in any given year (for example, earnings per share targets in 2011, as disclosed below). Certain measurable financial goals apply only to some executive officers, reflecting their specific areas of responsibility. Additionally, most executive officers are subject to strategic or leadership-oriented goals, which require qualitative, subjective assessment of their progress during the year. Finally, the process of determining annual bonus awards allows for the Abbott Compensation Committee's discretion, since many goals, especially for certain positions, cannot be reduced to formulaic, numerical targets, or anticipated in advance.

By design, therefore, short-term incentives directly tie executive officers' pay with both Abbott and individual results while allowing for Abbott Compensation Committee discretion to address unforeseen developments. In the aggregate, short-term incentives should be paid roughly at target when goals are substantially met, below target if goals are not substantially met, and above target if goals are substantially exceeded.

*Long-Term Incentives.* Long-term incentives serve two primary purposes: first, to directly align the largest component of executive officer pay with shareholders' direct, long-term interests; and second, to help ensure continued performance success through effective focus and retention of executive talent. Executive officers' interests are directly aligned with those of Abbott shareholders in two ways—first, through direct stock ownership. Executive officers, as shareholders, benefit from the results they create for other shareholders. Second, the level of awards executive officers receive varies, by plan design and based on each executive officer's individual performance, as reviewed by the Abbott Compensation Committee. The Abbott Compensation Committee considers, among other things, measures that directly track shareholder returns or operating or strategic results which lead to the creation or loss of shareholder value. Awards are further differentiated based on each executive officer's specific contribution to long-term strategic results and leadership contribution. To achieve this outcome, Abbott grants non-qualified stock options, full-value performance based shares, and full-value shares of restricted stock, subject to vesting requirements.

Historically, and in 2011, long-term incentives have comprised roughly two-thirds of total compensation for Abbott named executive officers. Accordingly, long-term incentive compensation represents a compelling and direct link between executive officers' interests and Abbott shareholder results.

*Benefits.* As with all Abbott employees, Abbott executive officers receive certain employment and post-employment benefits. Benefits are an important part of retention and capital preservation for all levels of employees. Benefits protect against the expense of unexpected catastrophic loss of health and/or earnings potential, and provide a means to save and accumulate for retirement or other post-employment needs.

## **Going Forward**

**Base Pay.** In anticipation of the separation, Abbott engaged in a benchmarking process to establish initial base salaries for AbbVie's named executive officers, taking into account the new positions of these individuals with AbbVie and market compensation levels at competitors of AbbVie. Aon Hewitt, the Abbott Compensation Committee's independent compensation consultant, advised Abbott in connection with this review. Based upon this review, the annual base salaries of Mr. Gonzalez, Ms. Schumacher, Messrs. Chase and Alban, and Dr. Leonard will be increased, effective as of December 1, 2012, to \$1,500,000, \$900,000, \$790,000, \$710,000, and \$700,000, respectively. AbbVie expects that post-separation adjustments to base pay, if any, will be made by the AbbVie Compensation Committee and will reflect factors such as each named executive officer's post-separation level of responsibility as well as market data for similar positions at comparable peer companies.

**Annual Bonus.** In connection with the separation, AbbVie expects to adopt an annual incentive plan with terms to be determined by its Compensation Committee. AbbVie expects that its Compensation Committee will establish performance goals based on an incentive structure that initially is similar to that which is in place at Abbott. AbbVie expects that the annual incentive targets for its named executive officers will be aligned with competitive market rates, based on peer company comparisons.

**Long-term Incentives.** AbbVie intends to adopt, subject to the approval of Abbott prior to the separation, in its capacity as AbbVie's sole stockholder, the AbbVie 2013 Incentive Stock Program ("AbbVie Incentive Stock Program") which AbbVie expects will be substantially similar to Abbott's 2009 Incentive Stock Program. The AbbVie Incentive Stock Program is described in greater detail in the section of this information statement captioned "Executive Compensation—AbbVie 2013 Incentive Stock Program." Target levels for long-term incentive compensation for named executive officers following the separation are expected to be set based on each named executive officer's post-separation level of responsibility, as well as market data for similar positions at comparable peer companies.

**Benefits.** AbbVie's Compensation Committee will review the benefits and perquisites that its named executive officers received in connection with their employment with Abbott. AbbVie expects that it will initially provide benefits and perquisites similar to those provided by Abbott immediately prior to the separation.

## **How Executive Pay Decisions Are Made**

### ***Historically***

As noted above, the named executive officers have been participating in Abbott's executive compensation programs. The vast majority of pay decisions at Abbott are performance-based. Specific goals and targets are the foundation of Abbott's pay-for-performance process and this section describes how they apply to specific pay components. It is important to remember, however, that while Abbott's pay process is based on a comprehensive, multi-level review, it is not formulaic. Some goals can be measured objectively against predetermined financial results. Others take the form of the Abbott Compensation Committee's subjective assessment of success and progress against strategic objectives or leadership results, which cannot be scored by numeric or formulaic application of measurable criteria. Consequently, while final pay decisions are guided by some specific, objective measures, the Abbott Compensation Committee, in consultation with its independent compensation consultant, also considers, at both the Abbott company-wide level and the individual level, a combination of objective and subjective measures in the overall assessment of performance and the pay decisions that result from that assessment. Specifically, discussion of the decision making criteria for each component follows.

*Peer Group.* To provide the appropriate context for executive pay decisions, the Abbott Compensation Committee, in consultation with its independent compensation consultant, assesses market pay practices and compensation levels of two designated groups of high-profile companies. The Abbott Compensation Committee thoughtfully considers on an annual basis which companies should be included in the peer groups and believes the selected companies represent the most appropriate groups for comparison. In addition to competing for executive talent, the peer companies also maintain complex business operations with significant worldwide reach. Abbott's comparison groups for setting targets for compensation include the following two worldwide reference groups:

1. Primarily, direct health care competitors. This group presently includes Amgen Inc., Bristol Myers Squibb Company, Eli Lilly and Company, Glaxo SmithKline plc, Johnson & Johnson, Merck & Company, Inc., Novartis AG, and Pfizer, Inc.
2. Secondly, in order to supplement performance and compensation data from Abbott's direct health care competitors, Abbott selects a group of worldwide, diversified high performing companies with a five-year average return on equity of 18 percent or higher that are similar to Abbott in terms of size and/or scope of operations. This group currently includes 3M Company, Bristol Myers Squibb Company, Caterpillar Inc., The Coca-Cola Company, Colgate Palmolive Company, General Dynamics Corporation, General Mills, Inc., H.J. Heinz Company, Kellogg Company, Kimberly Clark Corporation, McDonald's Corporation, Merck & Company, Inc., PepsiCo, Inc., and Procter & Gamble Co.

*Base Pay.* Base pay targets must be competitive with the target market from which talent is obtained. Generally, Abbott sets base pay targets in a manner that references the median of the health care competitor group as an initial benchmark, but allows for adjustment based upon secondary reference to the high-performing group. Specific pay rates, however, are based on an executive officer's profile, performance, experience, and unique skills, as well as upon consideration of internal equity with others at Abbott. Once the rate of pay is set in this manner, either at the time of hire or upon promotion or transfer, subsequent changes in pay, including salary increases when appropriate, are based on the executive officer's performance, the job he or she is performing or assuming, internal equity and Abbott's operating budget. In this regard, base pay is performance-based and is aligned with the individual's relative contribution and body of work.

*Annual Bonus.* Mr. Gonzalez, Ms. Schumacher, Mr. Alban, and Dr. Leonard participate in the 1998 Abbott Laboratories Performance Incentive Plan (the "PIP") and Mr. Chase participates in the 1986 Abbott Laboratories Management Incentive Program (the "MIP"). The PIP and the MIP are substantially similar except that the PIP is designed to comply with the requirements of Section 162(m) of the Internal Revenue Code of 1986 for performance-based compensation.

Each year, maximum award allocations for PIP participants as a percentage of consolidated net earnings are set. For 2011, the maximum award for the named executive officers was 0.075 percent of adjusted consolidated net earnings. Historically, and in 2011, the Abbott Compensation Committee exercised its discretion to deliver PIP awards that were below the maximum awards authorized by these levels. Under the MIP, target levels are established based on market practice and internal equity considerations. The target award for Mr. Chase was 80 percent of base salary.

Assessments of performance against financial results take into account the impact of specified factors or events, and the appropriateness of these adjustments is reviewed annually. For a reconciliation of these adjustments to GAAP, see Exhibit 99.1 to Abbott's Form 8-K, filed on January 25, 2012.

In making its determinations of the actual awards to participants, the Abbott Compensation Committee considers predetermined financial goals and individual goals, some of which are objective and quantifiable, and other strategic or leadership goals for which assessment is not solely dictated by

numeric or formulaic applications of measurable criteria. Moreover, while each participant has pre-determined goals, the Abbott Compensation Committee also considers relative achievements, or developments (at Abbott, in the marketplace and in the world economy) that could not have been foreseen when individual goals were formulated. Goals specific to each named executive officer are described separately in this section under "—2011 Compensation Decisions—Historically—Goals."

*Long-term Incentives.* Long-term incentive targets at Abbott are driven by two primary factors: first, internal equity and the executive officer's relative contribution to Abbott's long-term success; and second, Abbott's performance in respect of both short- and long-term returns to shareholders, as well as relative performance against financial or operating measures that drive shareholder returns, and performance against strategic objectives, such as pipeline development or acquisitions (which may dilute returns in the short-term, but are, in the Abbott Compensation Committee's judgment, in the best long-term interests of Abbott and its shareholders). While long-term incentive awards may be awarded annually, the Abbott Compensation Committee's assessment includes one-, three- and five-year measures of a number of relative benchmarks, including total shareholder return, return on equity, return on net assets, and earnings per share growth. The results are compared both to those of Abbott's direct health care competitors and those of the high performance reference group mentioned earlier.

These long-term measures are all taken into consideration without specific weighting. In the aggregate, they provide the Abbott Compensation Committee with a relative performance rating of Abbott to peers over one-, three- and five-year periods. Then, starting with the independent compensation consultant's recommendations regarding target or reference levels of appropriate long-term incentive by individual, the Abbott Compensation Committee determines grants for each individual based on its objective and subjective assessment of performance, progress against strategic milestones, and environmental factors which affected the individual's or Abbott's performance.

*Long-Term Incentives—Equity Awards.* Based on the Abbott Compensation Committee's assessment of performance, the goals of Abbott's long-term incentive program, each individual's relative performance against his or her predetermined goals, current outstanding awards held by the named executive officers and the recommendation of its independent compensation consultant, the Abbott Compensation Committee delivered long-term incentive awards to the named executive officers that were intended to, in the aggregate, reflect performance at the median of the Abbott health care peer comparison group.

Applying these standards, the Abbott Compensation Committee determined the value of long-term equity awards for the named executive officers and made the awards reported in the Summary Compensation Table below. Further, the Abbott Compensation Committee determined, in 2011, based on market practice, advice from its independent compensation consultant and in consideration of the recommendations of institutional shareholders, that the long-term incentive award for the named executive officers should be in the form of 25 percent stock options and 75 percent performance-vesting shares.

Abbott's policy with respect to annual equity awards for all employees, including the named executive officers, is to grant the award and set the grant price at the same time each year, at the Abbott Compensation Committee's regularly scheduled February meeting. These meetings generally are the third Friday of February and their dates are scheduled two years in advance. In 2011, the annual grant was dated and the grant price set on February 18th. The historical practice for setting the grant price is to average the highest and lowest trading price of a common share on the date of the grant (rounded up to the next even penny). The grant price for the 2011 annual grant was \$46.60. The high, low, and closing prices of an Abbott common share on February 18, 2011 were \$46.89, \$46.28 and \$46.88, respectively. One-third of the 2011 annual grant to the named executive officers vested in February 2012.

In establishing criteria for performance-vesting shares, the Abbott Compensation Committee considered the recommendation of its independent compensation consultant, and the fact that the secondary comparison of high-performance companies is currently defined by five-year average return on equity of 18 percent or greater.

Accordingly, performance-based stock awards granted in 2011 at Abbott will be earned (vested) over a period of up to five years, with not more than one-third of the award vesting in any one year, dependent upon Abbott achieving an annual return on equity threshold of 18 percent from continuing operations adjusted for specified items per the quarterly earnings releases (which is currently above the median of Abbott's Standard Industrial Classification peer group). If the thresholds are met in three of the five years, 100 percent of the performance shares will vest. If the thresholds are missed in all five years, 100 percent of the performance shares will be forfeited. Outstanding shares of restricted stock receive dividends at the same rate as all other shareholders.

#### ***Going Forward***

AbbVie expects that the executive compensation programs it initially adopts will be similar to those in place at Abbott immediately prior to the separation. Following the separation, AbbVie's Compensation Committee will continue to consider and develop AbbVie's compensation structure, practices, and procedures in order to effectively meet the company's business needs and goals.

### **2011 Compensation Decisions**

#### ***Historically***

*Goals.* Abbott's payment of annual bonuses to each of its named executive officers is subject to the achievement of financial and other performance goals, which are described below with respect to the 2011 fiscal year.

#### ***Financial Goals***

Each officer carried a financial goal of Adjusted Diluted EPS that comprised 20% of his or her total goals. In addition to EPS, officers had other financial goals specific to each officer's area of responsibility. The process of determining annual bonus awards allows for the Abbott Compensation Committee's discretion, since many goals cannot be reduced to formulaic, numerical targets, or anticipated in advance. The following comprised the remainder of the financial goals, considered in the aggregate, in determining the officer's bonus. In 2011, Messrs. Gonzalez and Alban and Dr. Leonard in their leadership roles in the proprietary pharmaceuticals business carried sales and profitability goals for that business, with those results reflected in the exhibit below. Mr. Alban carried additional key responsibilities including the continued commercialization and profitability of the global proprietary pharmaceuticals business, and achieving global sales targets for HUMIRA. Mr. Chase, as head of

licensing and acquisitions in 2011, had financial goals related to Abbott's acquisition strategy, which included profit and revenue support, and the securing of licensing arrangements.

Name	Goal and Expected Result	Results Achieved
Richard A. Gonzalez	A. Adjusted Diluted EPS of \$4.59	A. Adjusted Diluted EPS of \$4.66
	B. Achieve Pharmaceutical Products Group Adjusted Sales of \$21,977MM	B. Achieved—\$21,958MM
	C. Achieve Pharmaceutical Products Group Adjusted Operating Margin of \$7,476MM	C. Achieved—\$7,905MM
Laura J. Schumacher	A. Adjusted Diluted EPS of \$4.59	A. Adjusted Diluted EPS of \$4.66
William J. Chase	A. Adjusted Diluted EPS of \$4.59	A. Adjusted Diluted EPS of \$4.66
	B. Achieve Adjusted Incremental Division Margin of \$37MM	B. Achieved—\$37MM
Carlos Alban	A. Adjusted Diluted EPS of \$4.59	A. Adjusted Diluted EPS of \$4.66
	B. Achieve Pharmaceutical Products Group Adjusted Sales of \$21,977MM	B. Achieved—\$21,958MM
	C. Achieve Pharmaceutical Products Group Adjusted Operating Margin of \$7,476MM	C. Achieved—\$7,905MM
	D. Achieve Pharmaceutical Products Division Adjusted Sales of \$17,225MM	D. Achieved—\$17,138MM
	E. Achieve Pharmaceutical Products Division Adjusted Operating Margin of \$7,115MM	E. Achieved—\$7,119MM
	F. Achieve Plan Gross Margin of 76.5%	F. Achieved—77.3%
	G. Achieve Humira Sales of \$7,999MM	G. Mostly Achieved—\$7,948MM
John M. Leonard	A. Adjusted Diluted EPS of \$4.59	A. Adjusted Diluted EPS of \$4.66
	B. Achieve Pharmaceutical Products Group Adjusted Sales of \$21,977MM	B. Achieved—\$21,958MM
	C. Achieve Pharmaceutical Products Group Adjusted Operating Margin of \$7,476MM	C. Achieved—\$7,905MM
	D. Achieve Plan Gross Margin of 70.0%	D. Achieved—71.0%

#### Other Goals

*Richard A. Gonzalez.* Develop comprehensive and strategic actions for key brands; meet acquisition, in-license and partnership milestones and launch first wave of products within approved timeframe; secure key strategic high quality pipeline assets for sourced innovation by December 31, 2011, either in-licensed product(s) or business acquisitions; focus on change management initiatives, collaboration and communication of division strategy, succession planning, upgrading rewards and recognition programs and leadership development program.

Results: Mr. Gonzalez achieved the above goals in all material aspects.

*Laura J. Schumacher.* Successfully resolve key intellectual property litigation; resolve significant commercial litigation matters or investigations; achieve proprietary pharmaceutical pipeline enhancement objectives; achieve key compliance initiatives to ensure Abbott protects reputation and shareholder value.

Results: Ms. Schumacher achieved the above goals in all material aspects.

*William J. Chase.* Achieve proprietary pharmaceutical pipeline enhancement objectives; key plans for expansion in important emerging markets; acquisition, in-license and partnership milestones in the pharmaceuticals and non-pharmaceuticals businesses.

Results: Mr. Chase achieved the above goals in all material aspects except for the proprietary pharmaceutical pipeline goal, which was mostly achieved.

*Carlos Alban.* Achieve strategic objectives for Pharmaceutical Products division including commercial strategies, organizational structure, manufacturing and intellectual property.

Results: Mr. Alban achieved the above goals in all material aspects.

*John M. Leonard, M.D.* Secure key strategic high quality pipeline assets for sources innovation by December 31, 2011, either in-licensed product(s) or business acquisitions; achieve targeted goal for advancement of pipeline assets and regulatory approval; achieve key governance and compliance initiatives; focus on change management initiatives and leadership development.

Results: Dr. Leonard achieved some strategic and compliance goals, but certain pipeline goals were not achieved.

*Goal Performance.* The individual goals described above are determined at the beginning of the year as part of Abbott's annual performance and compensation planning process. With respect to PIP participants: the Abbott Compensation Committee considers, both at Abbott and at the individual level, achievement with respect to these goals, as well as the performance of the individual overall with respect to all matters not specifically defined in the predetermined goals, including leadership competencies and other individual contributions to Abbott performance on a qualitative basis. Additionally, the Abbott Compensation Committee may also consider unforeseen circumstances or developments (in Abbott, the marketplace, and/or the world economy) that may have affected performance.

For each participant, a target bonus is set as a percentage of base salary. Actual PIP bonuses were based on a comprehensive review of individual and corporate performance by the Abbott Compensation Committee and its independent compensation consultant.

To determine each such annual bonus, the Abbott Compensation Committee considered the executive officer's target bonus, expressed as a percentage of base pay, and made its final determination of the appropriate award at, above or below the target, considering all of these factors, in consultation with its independent compensation consultant. While the review is comprehensive, it is not solely formulaic.

In each case, for all of Abbott's named executive officers, there were multiple levels of review of the proposed award. For Mr. Gonzalez, Ms. Schumacher, Mr. Alban, and Dr. Leonard, the Abbott chief executive officer, the Abbott Compensation Committee, and the independent compensation consultant reviewed the proposals.

While Abbott's overall merit increase budget in the United States was 3 percent in 2011, Abbott management recommended, and the Abbott Compensation Committee approved, in consideration of general market and business conditions, that all Abbott officers, including named executive officers, would not receive a merit increase in 2011.



#### *Individual Awards*

*Richard A. Gonzalez.* Effective February 17, 2012, Mr. Gonzalez was awarded a bonus of \$1,230,000, which was above his target bonus of 105 percent of base pay. Effective February 18, 2011, he received long-term incentives, including 55,100 stock options and a 39,200 share performance-vesting restricted stock award.

*Laura J. Schumacher.* Effective February 17, 2012, Ms. Schumacher was awarded a bonus of \$1,180,000, which was above her target bonus of 110 percent of base pay. Effective February 18, 2011, she received long-term incentives, including 57,500 stock options and a 40,900 share performance-vesting restricted stock award.

*William J. Chase.* Effective February 17, 2012, Mr. Chase was awarded a bonus of \$330,000, which was above his target bonus of 80 percent of base pay. Effective February 18, 2011, he received long-term incentives, including 19,000 stock options and a 13,500 share performance-vesting restricted stock award.

*Carlos Alban.* Effective February 17, 2012, Mr. Alban was awarded a bonus of \$610,000, which was at his target bonus of 100 percent of base pay. Effective February 18, 2011, he received long-term incentives, including 45,800 stock options and a 32,500 share performance-vesting restricted stock award.

*John M. Leonard, M.D.* Effective February 17, 2012, Dr. Leonard was awarded a bonus of \$475,500, which was below his target bonus of 90 percent of base pay. Effective February 18, 2011, he received long-term incentives, including 31,200 stock options and a 22,200 share performance-vesting restricted stock award.

#### **Going Forward**

AbbVie expects that its Compensation Committee will develop a process for establishing financial and non-financial performance goals that initially will be similar to that of Abbott.

#### **Post-Termination and Other Benefits**

##### *Historically*

Each of the benefits described below was chosen to support Abbott's objective of providing a total competitive pay program. Individual benefits do not directly affect decisions regarding other benefits or pay components, except to the extent that all benefits and pay components must, in aggregate, be competitive, as previously discussed. Mr. Gonzalez, who had retired from Abbott in 2007, returned to work at Abbott in 2009. Upon his initial return to work at Abbott in 2009, and upon his interim appointment as Executive Vice President, Pharmaceutical Products in 2010, Mr. Gonzalez did not resume participation in any of Abbott's employee benefits plans for active employees. Currently, he continues to receive Abbott retiree benefits, including pension and retiree health care benefits.

*Retirement Benefits.* The named executive officers participate in two Abbott-sponsored defined benefit plans: the Abbott Laboratories Annuity Retirement Plan and the Abbott Laboratories Supplemental Pension Plan. As stated above, Mr. Gonzalez was not, as of December 31, 2011, accruing any additional benefits under these Abbott plans. These plans are described in greater detail in the section of this information statement captioned "Executive Compensation—Pension Benefits."

Since the named executive officers' Abbott Supplemental Pension Plan benefits cannot be secured in a manner similar to tax-qualified plans, the assets of which are held in trust, the named executive officers receive an annual cash payment equal to the increase in present value of their Supplemental Pension Plan benefit. Named executive officers have the option of depositing these annual payments in

an individually established grantor trust, net of tax withholdings. Deposited amounts may be credited with the difference between the named executive officer's actual annual trust earnings and the rate used to calculate trust funding (currently 8 percent). Amounts deposited in the individual trusts are not tax deferred. Since amounts contributed to the trust have already been taxed, Abbott remits the tax owed on the income earned by the trust or any company adjustment paid to the trust, thus preserving the parity of the benefit to the benefits payable under the Annuity Retirement Plan. The manner in which the grantor trust is to be distributed to an officer upon retirement from Abbott generally follows the manner elected by the named executive officer under the Annuity Retirement Plan. Should a named executive officer (or the named executive officer's spouse, depending upon the pension distribution method elected by the officer under the Annuity Retirement Plan) live beyond the actuarial life expectancy age used to determine the Supplemental Pension Plan benefit and therefore exhaust the trust balance, the Supplemental Pension Plan benefit will be paid to the named executive officer by Abbott.

*Deferred Compensation.* The named executive officers, like all U.S. Abbott employees, are eligible to defer a portion of their annual base salary, on a pre-tax basis, to Abbott's qualified 401(k) plan, up to the IRS contribution limits. Named executive officers are also eligible to defer up to 18 percent of their base salary, less contributions to the 401(k) plan, to a non-qualified plan. All U.S. Abbott employees may defer up to 18 percent as well, subject to IRS limits. One hundred percent of annual incentive awards earned under the PIP and MIP are also eligible for deferral to a non-qualified plan. Named executive officers may defer these amounts to unfunded book accounts or choose to have the amounts paid in cash on a current basis and deposited into individually established grantor trusts, net of tax withholdings. These amounts are credited annually with earnings equivalent to the average prime rate over the previous thirteen months plus 2.25 percent. Amounts deposited in the individual trusts are not tax deferred. Since amounts contributed to the trusts have already been taxed, Abbott remits the tax owed on the income earned by the trusts or any Abbott adjustment paid to the trusts, thus preserving the parity of the benefit to the benefits payable under the qualified 401(k) plan or the PIP or MIP, as applicable. The named executive officers elect the manner in which the assets held in their grantor trusts will be distributed to them upon retirement or other separation from services to Abbott.

*Change in Control Arrangements.* Mr. Gonzalez is not party to a change in control agreement with Abbott. Ms. Schumacher, Messrs. Chase and Alban, and Dr. Leonard are party to change in control agreements with Abbott that reflect past contractual obligations. The purpose of these agreements is to aid in retention and recruitment, encourage continued attention and dedication to assigned duties during periods involving a possible change in control of Abbott and protect earned benefits against adverse changes resulting from a change in control. The level of payments provided under the agreements is established to be consistent with market practice as confirmed by data provided to the Abbott Compensation Committee by its independent compensation consultant. The separation is not deemed a change in control under any of these agreements. These arrangements are described in greater detail in the section of this information statement captioned "Executive Compensation—Potential Payments on Termination or Change of Control."

*Financial Planning.* Ms. Schumacher, Mr. Alban, and Dr. Leonard are eligible for up to \$10,000, and Mr. Chase is eligible for up to \$6,500, of annual costs associated with estate planning advice, tax preparation and general financial planning fees. If one of these officers chooses to utilize this benefit, fees for services received up to the annual allocation are paid by Abbott and are treated as imputed income to the officer who then is responsible for payment of all taxes due on the fees paid by Abbott.

*Company Automobile.* Ms. Schumacher, Messrs. Chase and Alban, and Dr. Leonard are eligible for use of a company-leased vehicle, with a lease term of 50 months. Seventy-five percent (75 percent) of the cost of the vehicle is imputed to the officer as income for federal income tax purposes.

*Disability Benefit.* In addition to Abbott's standard disability benefits, the named executive officers are eligible for a monthly long-term disability benefit, which is described in greater detail in the section of this information statement captioned "Executive Compensation—Potential Payments on Termination or Change of Control."

#### ***Going Forward***

Prior to the separation, Abbott expects to enter into amended change in control agreements with its officers, which will replace their existing change in control agreements. AbbVie expects to assume the change in control agreements of each of the AbbVie named executive officers transferring from Abbott to AbbVie, and to enter into change in control agreements with or assume the Abbott change in control agreements of certain other AbbVie officers, including officers who currently are party to change in control agreements with Abbott and become employed by AbbVie following the separation. The new AbbVie change in control agreements are expected to mirror the terms of the form of the amended Abbott change in control agreements, except that benefits would be payable upon a qualifying termination following a change in control of AbbVie, rather than Abbott. Please see the section of this information statement captioned "Executive Compensation—Potential Payments on Termination or Change of Control" for a description of the existing Abbott change in control agreements as well as the amended form approved by the Abbott board of directors.

#### **Share Ownership Guidelines**

##### ***Historically***

To further promote sustained shareholder return and to ensure Abbott's officers remain focused on both short- and long-term objectives, Abbott has established share ownership guidelines. Each officer has five years from the date appointed or elected to his or her position to achieve the ownership level associated with the position. The share ownership requirements are 175,000 shares for the Chief Executive Officer of Abbott; 50,000 shares for Executive Vice Presidents and Senior Vice Presidents, including Mr. Gonzalez, Ms. Schumacher, Mr. Alban, and Dr. Leonard; and 25,000 shares for all other officers, including Mr. Chase. All of the named executive officers meet or substantially exceed Abbott's guidelines.

As provided in Abbott's Incentive Stock Program, no award may be assigned, alienated, sold or transferred other than by will or by the laws of descent and distribution, pursuant to a qualified domestic relations order or as permitted by the Abbott Compensation Committee for estate planning purposes, and no award and no right under any award may be pledged, alienated, attached or otherwise encumbered. All members of senior management, including the named executive officers, are required to clear any transaction involving company stock with the Abbott General Counsel prior to entering into such transaction.

##### ***Going Forward***

AbbVie expects its share ownership guidelines for executive officers to be developed in consultation with its Compensation Committee, taking into account market practice.

#### **Compliance**

##### ***Historically***

The Abbott Performance Incentive Plan and Incentive Stock Program, which are described above, are intended to comply with Internal Revenue Code Section 162(m) to ensure deductibility.

The Abbott Compensation Committee reserves the flexibility to take actions that may be based on considerations in addition to tax deductibility. The Abbott Compensation Committee believes that

shareholder interests are best served by not restricting the Abbott Compensation Committee's discretion and flexibility in crafting compensation programs, even if such programs may result in certain non-deductible compensation expenses. Accordingly, the Abbott Compensation Committee may from time to time approve components of compensation for certain officers that are not deductible.

While the Abbott Compensation Committee does not anticipate there would ever be circumstances where a restatement of earnings upon which any incentive plan award decisions were based would occur, the Abbott Compensation Committee, in evaluating such circumstances, has discretion to take all actions necessary to protect the interests of shareholders, up to and including actions to recover such incentive awards. Such circumstances have never occurred for Abbott.

#### ***Going Forward***

AbbVie expects its Compensation Committee to adopt a similar practice with respect to minimizing the adverse effect of Section 162(m) on the deductibility of compensation expense following the separation that will be driven by the considerations described above with respect to Abbott.

Additionally, AbbVie expects that its Compensation Committee will have the discretion to take actions necessary to protect the interests of stockholders, up to and including actions to recover incentive awards under specified circumstances.

#### **Compensation Risk Assessment**

##### ***Historically***

During 2011, Abbott, through its Human Resources department in coordination with its Internal Audit department, conducted a risk assessment of its compensation policies and practices for employees, including those related to its executive compensation programs. Abbott's risk assessment included a qualitative and quantitative analysis of its employee compensation and benefit programs, including those for its executive officers. Abbott also considered how these programs compare, from a design perspective, to programs maintained by other companies. Based on this assessment, Abbott determined that its compensation and benefit programs appropriately incentivize employees, and that any risks arising from its compensation policies and practices are not reasonably likely to have a material adverse effect on Abbott. The following factors were among those considered in making this determination:

- Abbott's long-established compensation structure has contributed to a corporate culture that encourages employees to regard Abbott as a career employer. For example, Abbott's U.S. employees participate in an Abbott-sponsored defined benefit pension plan. Equity awards (discussed in more detail below) also vest over multi-year periods. Both forms of compensation encourage Abbott employees to consider the long-term impact of their decisions and align their interests with those of Abbott's shareholders.
- Abbott's long-term incentive program focuses executive officers on longer-term operating performance and shareholder returns. For 2011, the named executive officers received roughly two-thirds of their total compensation in the form of long-term equity incentives (25 percent of which are stock options, vesting over multi-year periods and 75 percent of which are performance-vesting share awards, which vest over a period of up to five years with not more than one-third of the award vesting in any one year). Abbott's executive officers, including the named executive officers, do not receive any of their long-term incentive compensation in cash.
- Abbott's annual incentive program places an appropriate weighting on earnings achievement by balancing it with other factors. Since earnings are a key component of stock price performance, this aspect of Abbott's compensation plan also promotes alignment with shareholder interests.

- Abbott makes equity awards and sets grant prices at the same time each year, at the Abbott Compensation Committee's regularly scheduled meeting. In addition, Abbott does not award discounted stock options or immediately vesting stock options or restricted stock.
- Abbott maintains share ownership guidelines for its executive officers, which promotes alignment with shareholder interests.
- Abbott's Compensation Committee has the ability to exercise downward discretion in determining annual incentive plan payouts. Historically, and in 2011, the Abbott Compensation Committee exercised its discretion to deliver annual incentive plan awards below the maximums.
- Abbott requires mandatory training on its codes of conduct and policies and procedures to educate its employees on appropriate behaviors and the consequences of taking inappropriate actions.
- Abbott's compensation arrangements do not include certain design features that may have the potential to encourage excessive risk-taking, including: over-weighting toward annual incentives, highly leveraged payout curves, unreasonable thresholds, and steep payout cliffs at certain levels that may encourage short-term business decisions to meet payout thresholds.

This assessment was discussed with the Abbott Compensation Committee and its independent compensation consultant.

***Going Forward***

AbbVie's Compensation Committee expects to take into account risk-management practices and risk-taking incentives as it considers and develops AbbVie's employee and executive compensation programs. AbbVie's Compensation Committee anticipates that it will adopt a risk assessment process relating to compensation policies and practices initially similar to that in place at Abbott.

**EXECUTIVE COMPENSATION**

**Historical Compensation of Executive Officers Prior to the Separation**

Each of AbbVie's named executive officers was employed by Abbott prior to the separation; therefore, the information provided for the years 2011, 2010 and 2009 reflects compensation earned at Abbott and the design and objectives of the Abbott executive compensation programs in place prior to the separation. Each of AbbVie's 2011 named executive officers is currently, and was as of December 31, 2011, an officer of Abbott. Accordingly, the compensation decisions regarding AbbVie's named executive officers were made by the Abbott Compensation Committee or its delegates. Executive compensation decisions following the separation will be made by AbbVie's Compensation Committee. All references in the following tables to stock options, restricted stock units and restricted stock relate to awards granted by Abbott in respect of Abbott common shares.

The amounts and forms of compensation reported below are not necessarily indicative of the compensation that AbbVie executive officers will receive following the separation, which could be higher or lower, because historical compensation was determined by Abbott and because future compensation levels at AbbVie will be determined based on the compensation policies, programs and procedures to be established by AbbVie's Compensation Committee for those individuals who will be employed by AbbVie following the separation.

**Summary Compensation Table**

The following table summarizes compensation historically awarded to, earned by, or paid to AbbVie's named executive officers by Abbott. Position titles refer to each named executive officer's title at Abbott in 2011.

<b>Name and Principal Position</b>	<b>Year</b>	<b>Salary (\$)</b>	<b>Bonus (\$)</b>	<b>Stock Awards (\$)(1)</b>	<b>Option Awards (\$)(2)(3)</b>	<b>Non-Equity Incentive Plan Compensation (\$)(4)</b>	<b>Change in Pension Value and Non-qualified Deferred Compensation Earnings (\$)(5)(6)</b>	<b>All Other Compensation (\$)(7)</b>	<b>Total (\$)</b>
Richard A. Gonzalez Executive Vice President, Pharmaceutical Products Group	2011	\$ 825,000	\$ 0	\$ 1,826,132	\$ 343,273	\$ 1,230,000	\$ 882,988	\$ 445,446	\$5,552,839
	2010	742,080	300,000(8)	5,135,240	0	848,900	312,256	262,033	7,600,509
Laura J. Schumacher Executive Vice President, General Counsel, and Corporate Secretary	2011	827,500	0	1,905,327	358,225	1,180,000	1,138,123	158,318	5,567,493
	2010	823,329	0	3,901,126	535,920	1,100,000	628,869	137,957	7,127,201
	2009	799,350	0	2,479,154	602,272	1,075,000	677,765	90,519	5,724,060
William J. Chase Vice President, Licensing and Acquisitions	2011	375,000	0	628,898	118,370	330,000	316,489	50,734	1,819,491
Carlos Alban Senior Vice President, Proprietary Pharmaceutical Products, Global Commercial Operations	2011	602,471	0	1,514,013	285,334	610,000	774,355	106,162	3,892,335
John M. Leonard, M.D. Senior Vice President, Pharmaceuticals, Research and Development	2011	636,500	0	1,034,187	194,376	475,500	1,016,012	141,236	3,497,811

(1) In accordance with the SEC's rules, the amounts in this column represent the aggregate grant date fair value of the awards in accordance with Financial Accounting Standards Board ASC Topic 718. Abbott determines grant date fair value by multiplying the number of shares granted by the average of the high and low market prices of an Abbott common share on the award's date of grant.

- (2) In accordance with the SEC's rules, the amounts in this column represent the aggregate grant date fair value of the awards in accordance with Financial Accounting Standards Board ASC Topic 718. Other than options granted pursuant to a replacement option feature of a pre-2005 option award, options granted after 2004 do not include a replacement option feature. When the exercise price of an option with a replacement option feature is paid (or, in the case of a non-qualified stock option, when the option's exercise price or the withholding taxes resulting on exercise of that option are paid) with Abbott common shares held by the named executive officer, a replacement option may be granted for the number of shares used to make that payment. Abbott uses the closing price of an Abbott common share on the business day before the exercise to determine the number of shares required to exercise the related option and the exercise price of the replacement option. The replacement option is exercisable in full six months after the date of grant, and has a term expiring on the expiration date of the original option. Other terms and conditions of the replacement option award are the same in all material respects as those applicable to the original grant.
- (3) These amounts were determined as of the option's grant date using a Black-Scholes stock option valuation model. These amounts are being reported solely for the purpose of comparative disclosure in accordance with the SEC's rules. There is no certainty that the amount determined using a Black-Scholes stock option valuation model would be the value at which employee stock options would be traded for cash. For options, other than replacement options, the assumptions are the same as those described in Note 8 entitled "Incentive Stock Program" of Abbott's Notes to Consolidated Financial Statements included under Item 8, "Financial Statements and Supplementary Data" in Abbott's 2011 Annual Report on SEC Form 10-K.
- (4) This compensation is earned as a performance-based incentive bonus, pursuant to the 1998 Abbott Laboratories Performance Incentive Plan for Mr. Gonzalez, Ms. Schumacher, Mr. Alban, and Dr. Leonard, and the 1986 Abbott Laboratories Management Incentive Plan for Mr. Chase. Additional information regarding these plans can be found in the section of this information statement captioned "Compensation Discussion and Analysis—How Executive Pay Decisions Are Made—Historically—Annual Bonus."
- (5) The plan amounts shown below are reported in this column.

For Mr. Gonzalez, the amounts shown alongside the officer's name are for 2011 and 2010, respectively. For Ms. Schumacher, the amounts shown are for 2011, 2010, and 2009, respectively. For Messrs. Chase and Alban and for Dr. Leonard, the amounts shown are for 2011.

*Abbott Laboratories Annuity Retirement Plan*

R. A. Gonzalez: \$33,248 / \$3,001; L. J. Schumacher: \$85,875 / \$37,903 / \$53,615; W. J. Chase: \$77,342; C. Alban: \$101,829; and J. M. Leonard: \$106,953.

*Abbott Laboratories Supplemental Pension Plan*

R. A. Gonzalez: \$743,082 / \$245,389; L. J. Schumacher: \$939,737 / \$541,637 / \$611,459; W. J. Chase: \$226,766; C. Alban: \$628,531; and J. M. Leonard: \$789,474.

*Non-Qualified Defined Contribution Plan Earnings*

The totals in this column include reportable interest credited under the 1998 Abbott Laboratories Performance Incentive Plan, the Abbott Laboratories 401(k) Supplemental Plan, and the 1986 Abbott Laboratories Management Incentive Plan.

R. A. Gonzalez: \$106,658 / \$63,866; L. J. Schumacher: \$112,511 / \$49,329 / \$12,691; W. J. Chase: \$12,381; C. Alban: \$43,995; and J. M. Leonard: \$119,585.

- (6) The present value of a pension benefit is determined, in part, by the discount rate used for accounting purposes. As required by the Financial Accounting Standards Board, that discount rate is determined by reference to the prevailing market rate of interest. In 2011, interest rates declined and the discount rate used for the Annuity Retirement Plan and Supplemental Pension Plan was reduced to reflect that decline. A reduction in the discount rate increases the present value of participants' pensions while actual payments to be made to participants are not changed.

The change in pension value included in this total is the result of the following factors: (i) the impact of changes in the actuarial assumptions Abbott uses to calculate plan liability for financial reporting purposes, primarily the change in discount rate, (ii) additional pension benefit accrual under the Annuity Retirement Plan and Supplemental Pension Plan (other than for Mr. Gonzalez who is not accruing any additional Abbott plan benefits), (iii) the impact of the time value of money on the pension value, and (iv) with respect to Mr. Gonzalez, payments made to him from these plans.

Name	2011 Change in Pension Value Resulting From	
	Change in Actuarial Assumptions	Other Factors
R. A. Gonzalez	\$ 908,206	\$ (131,876)
L. J. Schumacher	577,144	448,468
W. J. Chase	164,080	140,028
C. Alban	330,629	399,731
J. M. Leonard	427,239	469,188

- (7) The amounts shown below are reported in this column.

For Mr. Gonzalez, the amounts shown alongside the officer's name are for 2011 and 2010, respectively. For Ms. Schumacher, the amounts shown are for 2011, 2010, and 2009, respectively. For Messrs. Chase and Alban and for Dr. Leonard, the amounts shown are for 2011.

R. A. Gonzalez: \$72,623 / \$76,225; L. J. Schumacher: \$88,141 / \$65,627 / \$22,042; W. J. Chase: \$12,458; C. Alban: \$33,977; and J. M. Leonard: \$82,639.

Each of the named executive officers' awards under the 1998 Abbott Laboratories Performance Incentive Plan or the 1986 Abbott Laboratories Management Incentive Plan is paid in cash to the named executive officer on a current basis and may be deposited into a grantor trust established by the named executive officer, net of maximum tax withholdings. Each of the named executive officers has also established grantor trusts in connection with the Abbott Laboratories Supplemental Pension Plan and the Abbott Laboratories 401(k) Supplemental Plan. These amounts include the earnings (net of the reportable interest included in footnote 5), fees, and tax payments paid in connection with these grantor trusts.

*Employer Contributions to Defined Contribution Plans*

R. A. Gonzalez: \$0 / \$0; L. J. Schumacher: \$41,375 / \$41,166 / \$39,968; W. J. Chase: \$18,750; C. Alban: \$30,124; and J. M. Leonard: \$31,825.

These amounts include Abbott contributions to both Abbott's tax-qualified defined contribution plan and the Abbott Laboratories 401(k) Supplemental Plan. The Abbott Laboratories 401(k) Supplemental Plan permits the named executive officers to contribute amounts in excess of the limit set by the Internal Revenue Code for employee contributions to 401(k) plans up to the excess of (i) 18 percent of their base salary over (ii) the amount contributed to Abbott's tax-qualified 401(k) plan. Abbott matches participant contributions at the rate of 250 percent of the first 2 percent of compensation contributed to the plan. The named executive officers have these amounts paid to them in cash on a current basis and deposited into a grantor trust established by the officer, net of maximum tax withholdings.

*Other Compensation*

The following amounts are included in the totals in this column, which reflect Abbott's incremental cost for non-business related flights, by Mr. Gonzalez: \$372,823 / \$185,808.

Abbott determines the incremental cost for flights based on the direct cost to Abbott, including fuel costs, parking, handling and landing fees, catering, travel fees, and other miscellaneous direct costs.

Also included in the totals shown in the table is the cost of providing a corporate automobile less the amount reimbursed by the officer: L. J. Schumacher: \$18,802 / \$21,164 / \$18,509; W. J. Chase: \$13,026; C. Alban: \$17,300; and J. M. Leonard: \$18,772.

For Ms. Schumacher, Messrs. Chase and Alban, and Dr. Leonard, the following costs associated with financial planning are included: L. J. Schumacher: \$10,000 / \$10,000 / \$10,000; W. J. Chase: \$6,500; C. Alban: \$11,447; and J. M. Leonard: \$8,000.

For Mr. Alban, relocation payments of \$13,314 made in connection with his overseas assignment are included.

The named executive officers are also eligible to participate in an executive disability benefit described under "Compensation Discussion and Analysis—Post-Termination and Other Benefits."

- (8) Bonus paid to Mr. Gonzalez upon his appointment by Abbott as Executive Vice President, Pharmaceutical Products Group.



Grants of Plan-Based Awards for Fiscal 2011

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards(1)		Estimated Future Payouts Under Equity Incentive Plan Awards Target (#)(2)(3)	All Other Option Awards: Numbers of Securities Underlying Options (#)(4)	Exercise or Base Price of Options Awards (\$/Sh.)	Closing Market Price on Grant Date	Grant Date Fair Value of Stock and Option Awards
		Target (\$)	Maximum (\$)					
R. A. Gonzalez	02/18/11 02/18/11			39,200		\$ 46.60	\$ 46.88	\$ 1,826,132(5) 343,273(6)
L. J. Schumacher	02/18/11 02/18/11			40,900	57,500	46.60	46.88	1,905,327(5) 358,225(6)
W. J. Chase	02/18/11 02/18/11			13,500	19,000	46.60	46.88	628,898(5) 118,370(6)
C. Alban	02/18/11 02/18/11			32,500	45,800	46.60	46.88	1,514,013(5) 285,334(6)
J. M. Leonard	02/18/11 02/18/11			22,200	31,200	46.60	46.88	1,034,187(5) 194,376(6)

- (1) Mr. Gonzalez, Ms. Schumacher, Mr. Alban, and Dr. Leonard participate in the 1998 Abbott Laboratories Performance Incentive Plan and Mr. Chase participates in the 1986 Abbott Laboratories Management Incentive Plan, both of which are annual, non-equity incentive plans. The annual cash incentive awards earned by the named executive officers in 2011 under the plans are shown in the Summary Compensation Table under the column captioned "Non-Equity Incentive Plan Compensation." No future payouts will be made under the plans' 2011 annual cash incentive award. These plans are described in greater detail in the section of this information statement captioned, "Compensation Discussion and Analysis—How Executive Pay Decisions Are Made—Historically—Annual Bonus."
- (2) These are performance-based restricted stock awards that have a five-year term and vest upon Abbott achieving a minimum return on equity target, with no more than one-third of the award vesting in any one year. In 2011, Abbott reached its minimum return on equity target and one-third of each of the awards made on February 18, 2011 vested on February 29, 2012. The return on equity targets are described in the section of this information statement captioned, "Compensation Discussion and Analysis—How Executive Pay Decisions Are Made—Historically—Long-Term Incentives—Equity Awards."
- (3) In the event of a grantee's death or disability or a change in control of Abbott, as defined in Abbott's incentive stock program, these awards are deemed fully earned. Outstanding restricted stock receives dividends at the same rate as all other shareholders.
- (4) One-third of these options are exercisable after one year; two-thirds after two years; and all after three years. The options vest in the event of the grantee's death or disability or a change in control of Abbott. Under the Abbott Laboratories 2009 Incentive Stock Program, these options have an exercise price equal to the average of the high and low market prices (rounded-up to the next even penny) of an Abbott common share on the date of grant. These options do not contain a replacement option feature.
- (5) Abbott determines the grant date fair value of stock awards by multiplying the number of shares of restricted stock granted by the average of the high and low market prices of an Abbott common share on the grant date.
- (6) These values were determined as of the option's grant date using a Black-Scholes stock option valuation model. The model uses the assumptions described in Note 8, entitled "Incentive Stock Program," of Abbott's Notes to Consolidated Financial Statements included under Item 8, "Financial Statements and Supplemental Data" in Abbott's 2011 Annual Report on SEC Form 10-K.

2011 Outstanding Equity Awards at Fiscal Year-End

The following table summarizes the outstanding equity awards held by the named executive officers at year-end.

Name	Option Awards(1)				Stock Awards				
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Equity Incentive Plan Awards: Number of Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)
R. A. Gonzalez						16,666(2)	\$ 937,129		
						26,666(2)	1,499,429		
								39,200(2)	\$ 2,204,216
	302,000			52.5400	2/15/17				
	219,192			52.3900	2/13/13				
		55,100(2)		46.6000	2/17/21				

See footnotes on page 120.

Name	Option Awards(1)					Stock Awards			
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)
L. J. Schumacher						32,000(2)	\$ 1,799,360		
								15,266(2)	\$ 858,407
								26,400(2)	1,484,472
								40,900(2)	2,299,807
	63,800			46.3400	2/17/15				
	6,885			49.0800	2/13/13				
	83,000			44.1600	2/16/16				
	112,000			52.5400	2/15/17				
	312			50.0300	2/12/13				
	12,114			50.0300	8/31/13				
	1,742			58.1600	2/13/13				
	1,731			58.1600	2/19/14				
	110,500			55.5600	2/14/18				
	9,042			55.6600	2/19/14				
	11,591			52.7400	2/19/14				
	1,086			59.0100	2/13/13				
	43,267	21,633(2)		54.1400	2/19/19				
	19,334	38,666(2)		54.5000	2/18/20				
		57,500(2)		46.6000	2/17/21				

See footnotes on page 120.

Name	Option Awards(1)					Stock Awards			
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)
W. J. Chase						9,000(2)	\$ 506,070		
								3,000(2)	\$ 168,690
								6,133(2)	344,859
								13,500(2)	759,105
	14,900			46.3400	2/17/15				
	2,713			49.0800	2/13/13				
	2,485			49.2300	2/13/13				
	6,600			52.5400	2/15/17				
	1,811			54.6200	2/19/14				
	1,843			52.6900	2/19/14				
	1,805			54.1100	2/19/14				
	2,112			54.6800	2/19/14				
	963			55.7600	2/19/14				
	2,111			59.4300	2/13/13				
	25,500			55.5600	2/14/18				
	8,534	4,266(2)		54.1400	2/19/19				
	4,467	8,933(2)		54.5000	2/18/20				
		19,000(2)		46.6000	2/17/21				

See footnotes on page 120.

Name	Option Awards(1)				Stock Awards				
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)
C. Alban						21,000(2)	\$ 1,180,830		
								4,166(2)	\$ 234,254
								4,900(2)	275,527
								15,733(2)	884,667
								32,500(2)	1,827,475
	9,900			46.3400	2/17/15				
	5,200			44.1600	2/16/16				
	30,800			41.4800	4/23/16				
	35,700			52.5400	2/15/17				
	33,900			55.5600	2/14/18				
	2,834			51.2800	2/13/13				
	1,198			57.2500	2/19/14				
	1,331			56.0000	2/19/14				
	1,538			56.9800	2/13/13				
	1,918			56.9800	2/19/14				
	11,800	5,900(2)		54.1400	2/19/19				
	14,000	7,000(2)		51.6800	10/14/19				
	11,534	23,066(2)		54.5000	2/18/20				
		45,800(2)		46.6000	2/17/21				

See footnotes on page 120.

Name	Option Awards(1)				Stock Awards				
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)
J. M. Leonard						21,000(2)	\$ 1,180,830		
								9,066(2)	\$ 509,781
								13,066(2)	734,701
								22,200(2)	1,248,306
	34,800			46.3400	2/17/15				
	36,000			44.1600	2/16/16				
	21,000			41.4800	4/23/16				
	13,244			53.1900	2/13/13				
	17,849			53.1900	2/19/14				
	59,300			52.5400	2/15/17				
	7,057			53.1200	2/19/14				
	10,850			54.3000	2/13/13				
	93,400			55.5600	2/14/18				
	12,823			58.7100	2/13/13				
	1,844			54.9600	2/13/13				
	1,832			54.9600	2/19/14				
	25,800	12,900(2)		54.1400	2/19/19				
	9,567	19,133(2)		54.5000	2/18/20				
		31,200(2)		46.6000	2/17/21				

See footnotes on page 120.

- (1) Except as noted, these options are fully vested.
- (2) The vesting dates of outstanding unexercisable stock options and unvested restricted stock awards at December 31, 2011 are as follows:

Name	Option Awards				Stock Awards			
	Number of Unexercised Shares Remaining from Original Grant	Number of Option Shares Vesting—Date Vested 2012	Number of Option Shares Vesting—Date Vested 2013	Number of Option Shares Vesting—Date Vested 2014	Number of Shares of Restricted Stock	Number of Shares of Restricted Stock Vesting—Date Vested 2012	Number of Shares of Restricted Stock Vesting—Date Vested 2013	Number of Shares of Restricted Stock Vesting—Date Vested 2014
R. A. Gonzalez	55,100	18,367—2/18	18,366—2/18	18,367—2/18	16,666	16,666—4/06		
					26,666	13,333—2/19	13,333—2/19	
					39,200	(c)		
L. J. Schumacher	21,633	21,633—2/20			32,000		32,000—2/19	
	38,666	19,333—2/19	19,333—2/19		15,266	(a)		
	57,500	19,167—2/18	19,166—2/18	19,167—2/18	26,400	(b)		
					40,900	(c)		
W. J. Chase	4,266	4,266—2/20			9,000		9,000—2/19	
	8,933	4,466—2/19	4,467—2/19		3,000	(a)		
	19,000	6,334—2/18	6,333—2/18	6,333—2/18	6,133	(b)		
					13,500	(c)		
C. Alban	5,900	5,900—2/20			21,000		21,000—2/19	
	7,000	7,000—10/15			4,166	(a)		
	23,066	11,533—2/19	11,533—2/19		4,900	(d)		
	45,800	15,267—2/18	15,266—2/18	15,267—2/18	15,733	(b)		
J. M. Leonard					32,500	(c)		
	12,900	12,900—2/20			21,000		21,000—2/19	
	19,133	9,566—2/19	9,567—2/19		9,066	(a)		
	31,200	10,400—2/18	10,400—2/18	10,400—2/18	13,066	(b)		
				22,200	(c)			

- (a) These are the shares of restricted stock that remained outstanding and unvested on December 31, 2011, from an award made on February 20, 2009. The award has a five-year term, with no more than one-third of the original award vesting in any year, and vests based on Abbott achieving a minimum return on equity target, measured at the end of the relevant year. In 2011, Abbott reached its minimum return on equity target and the final third of the award vested on February 29, 2012. Immediately following that date, the award was fully vested.
- (b) These are the shares of restricted stock that remained outstanding and unvested on December 31, 2011, from an award made on February 19, 2010. The award has a five-year term with no more than one-third of the original award vesting in any year, and vests based on Abbott achieving a minimum return on equity target, measured at the end of the relevant year. In 2011, Abbott reached its minimum return on equity target and one-third of the award vested on February 29, 2012. Immediately following that date, two-thirds of the award were fully vested.
- (c) These are the shares of restricted stock that remained outstanding and unvested on December 31, 2011, from an award made on February 18, 2011. The award has a five-year term, with no more than one-third of the original award vesting in any year, and vests based on Abbott achieving a minimum return on equity target, measured at the end of the relevant year. In 2011, Abbott reached its minimum return on equity target and one-third of the award vested on February 29, 2012. Immediately following that date, one-third of the award was fully vested.
- (d) These are the restricted units that remained outstanding and unvested on December 31, 2011, from an award made on October 15, 2009. The award has a 5-year term with no more than one-third of the original award vesting in any one year upon Abbott reaching a minimum equity target, measured at the end of the relevant year. In 2011, Abbott reached its minimum return on equity target and these units vested on October 15, 2012.

## 2011 Option Exercises and Stock Vested

The following table summarizes for each named executive officer the number of shares the named executive officer acquired upon the exercise of stock options and the number of shares the named executive officer acquired upon the vesting of stock awards in 2011:

Name	Option Awards		Stock Awards	
	Number of Shares Acquired On Exercise (#)	Value Realized On Exercise (\$)	Number of Shares Acquired On Vesting (#)	Value Realized On Vesting (\$)
R. A. Gonzalez	0	\$ 0	94,001	\$ 4,959,081
L. J. Schumacher	14,363	14,068	37,533	1,788,072
W. J. Chase	14,709	86,297	8,200	390,648
C. Alban	4,787	6,582	19,767	966,641
J. M. Leonard	53,201	68,246	23,267	1,108,440

### Pension Benefits

The named executive officers, other than Mr. Gonzalez, actively participate in two Abbott-sponsored defined benefit pension plans: the Abbott Laboratories Annuity Retirement Plan, a tax-qualified pension plan; and the Abbott Laboratories Supplemental Pension Plan, a non-qualified supplemental pension plan. The Supplemental Pension Plan also includes a benefit feature Abbott uses to attract executive officers who are at the mid-point of their career. This feature provides an additional benefit to executive officers who are mid-career hires that is less valuable to executive officers who have spent most of their career at Abbott. Except as provided in Abbott's change in control agreements, Abbott does not have a policy granting extra years of credited service under the plans. The change in control agreements to which several of the named executive officers are party are described in this section under "—Potential Payments on Termination or Change of Control."

The compensation considered in determining the pensions payable to the named executive officers is the compensation shown in the "Salary" and "Non-Equity Incentive Plan Compensation" columns of the Summary Compensation Table in this information statement.

#### *Annuity Retirement Plan*

The Annuity Retirement Plan covers most Abbott employees in the United States, age 21 or older, and provides participants with a life annuity benefit at normal retirement equal to A plus the greater of B or C below.

- A. 1.10 percent of five-year final average earnings multiplied by years of benefit service after 2003.
- B. 1.65 percent of five-year final average earnings multiplied by years of benefit service prior to 2004 (up to 20); plus 1.50 percent of five-year final average earnings multiplied by years of benefit service prior to 2004 in excess of 20 (but no more than 15 additional years); less  
 0.50 percent of the lesser of three-year final average earnings (but not more than the social security wage base in any year) or the social security covered compensation level multiplied by years of benefit service.
- C. 1.10 percent of five-year final average earnings multiplied by years of benefit service prior to 2004.

The benefit for service prior to 2004 (B or C above) is reduced for the cost of preretirement surviving spouse benefit protection. The reduction is calculated using formulas based on age and employment status during the period in which coverage was in effect.



Final average earnings are the average of the employee's 60 highest-paid consecutive calendar months of compensation (salary and non-equity incentive plan compensation). The Annuity Retirement Plan covers earnings up to the limit imposed by Code Section 401(a)(17) and provides for a maximum of 35 years of benefit service.

Participants become fully vested in their pension benefit upon the completion of 5 years of service. The benefit is payable on an unreduced basis at age 65. Employees hired after 2003 who terminate employment prior to age 55 with at least 10 years of service may choose to commence their benefits on an actuarially reduced basis as early as age 55. Employees hired prior to 2004 who terminate employment prior to age 50 with at least 10 years of service may choose to commence their benefits on an actuarially reduced basis as early as age 50. Employees hired prior to 2004 who terminate employment prior to age 50 with fewer than 10 years of service may choose to commence their benefits on an actuarially reduced basis as early as age 55.

The Annuity Retirement Plan offers several optional forms of payment, including certain and life annuities, joint and survivor annuities, and level income annuities. The benefit paid under any of these options is actuarially equivalent to the life annuity benefit produced by the formula described above.

Employees who retire from Abbott prior to their normal retirement age may receive subsidized early retirement benefits. Employees hired after 2003 are eligible for early retirement at age 55 with 10 years of service. Employees hired prior to 2004 are eligible for early retirement at age 50 with 10 years of service or age 55 if the employee's age plus years of benefit service total 70 or more. Mr. Leonard is eligible for early retirement benefits under the plan.

The subsidized early retirement reductions applied to the benefit payable for service after 2003 (A above) depend upon the participant's age at retirement. If the participant retires after reaching age 55, the benefit is reduced five percent per year for each year that payments are made before age 62. If the participant retires after reaching age 50 but prior to reaching age 55, the benefit is actuarially reduced from age 65.

The early retirement reductions applied to the benefit payable for service prior to 2004 (B and C above) depend upon age and service at retirement:

- In general, the five-year final average earnings portions of the benefit are reduced three percent per year for each year that payments are made before age 62 and the three-year final average earnings portion of the benefit is reduced five percent per year for each year that payments are made before age 62.
- Employees who participated in the plan before age 36 may elect "Special Retirement" on the last day of any month after reaching age 55 with age plus Seniority Service points of at least 94 or "Early Special Retirement" on the last day of any month after reaching age 55, provided their age plus Seniority Service points would reach at least 94 before age 65. Seniority Service includes periods of employment prior to attaining the minimum age required to participate in the plan. If Special Retirement or Early Special Retirement applies, Seniority Service is used in place of benefit service in the formulas. The five-year final average earnings portions of the benefit in B above are reduced  $1\frac{2}{3}$  percent for each year between ages 59 and 62 plus  $2\frac{1}{2}$  percent for each year between ages 55 and 59. The three-year final average earnings portion of the benefit is reduced five percent per year for each year that payments are made before age 62. Benefit C is payable on an unreduced basis at Special Retirement and is reduced three percent per year for each year that payments are made before age 62, if Early Special Retirement applies.

### Supplemental Pension Plan

With the following exceptions, the provisions of the Supplemental Pension Plan are substantially the same as those of the Annuity Retirement Plan:

- Under the Supplemental Pension Plan, executive officers' five-year final average earnings are calculated using the average of the five highest consecutive years of base earnings and the five highest consecutive years of payments under Abbott's non-equity incentive plans.
- The Annuity Retirement Plan does not include amounts deferred or payments received under the Abbott Laboratories Deferred Compensation Plan in its calculation of a participant's final average earnings. To preserve the pension benefits of Deferred Compensation Plan participants, the Supplemental Pension Plan includes amounts deferred by a participant under the Deferred Compensation Plan in its calculation of final average earnings. Beginning in the year following their election as an officer, Abbott executive officers are no longer eligible to defer compensation under the Deferred Compensation Plan.
- In addition to the benefits outlined above for the Annuity Retirement Plan, officers are eligible for a benefit equal to 0.6 percent of five-year final average earnings for each year of service for each of the first 20 years of service occurring after the participant attains age 35. The benefit is further limited by the maximum percentage allowed under the Annuity Retirement Plan benefit formulas (A, B and C above). The portion of this additional officer benefit attributable to service prior to 2004 is reduced three percent per year for each year that payments are made before age 60. The portion attributable to service after 2003 is reduced five percent per year for each year that payments are made before age 60 if the participant is at least age 55 at early retirement. If the participant is under age 55 at retirement, the portion attributable to service after 2003 is actuarially reduced from age 65.
- The Supplemental Pension Plan provides early retirement benefits similar to those provided under the Annuity Retirement Plan. The benefits provided to officers under the Supplemental Pension Plan are not, however, reduced for the period between age 60 and age 62, unless the benefit is being actuarially reduced from age 65. Mr. Leonard is eligible for early retirement benefits under the plan.
- Vested plan benefits accrued under the Supplemental Pension Plan may be funded through a grantor trust established by the officer. Consistent with the distribution requirements of Section 409A of the Internal Revenue Code and its regulations, those officers who were elected prior to 2009 may have the entire amount of their vested plan benefits funded through a grantor trust. Executive officers elected after 2008 may have only the vested plan benefits that accrue following the calendar year in which the officer is first elected funded through a grantor trust. Vested plan benefits accrued through December 31, 2008, to the extent not previously funded, were distributed to the participants' individual trusts and included in the participants' income.

Benefits payable under the Supplemental Pension Plan are offset by the benefits payable from the Annuity Retirement Plan, calculated as if benefits under the plans commenced at the same time. The amounts paid to an officer's Supplemental Pension Plan grantor trust to fund plan benefits are actuarially determined. The plan is designed to result in Abbott paying the officer's Supplemental Pension Plan benefits to the extent assets held in the officer's trust are insufficient.

**Pension Benefits**

Name	Plan Name	Number Of Years Credited Service (#)	Present Value of Accumulated Benefit \$(1)	Payments During Last Fiscal Year (\$)
R. A. Gonzalez(3)	Abbott Laboratories Annuity Retirement Plan	27	\$ 737,647	\$ 60,389
	Abbott Laboratories Supplemental Pension Plan	27	10,779,349	0
L. J. Schumacher	Abbott Laboratories Annuity Retirement Plan	21	310,089	0
	Abbott Laboratories Supplemental Pension Plan	21	3,052,749	192,567(2)
W. J. Chase	Abbott Laboratories Annuity Retirement Plan	23	271,026	0
	Abbott Laboratories Supplemental Pension Plan	23	578,273	43,262(2)
C. Alban	Abbott Laboratories Annuity Retirement Plan	25	388,060	0
	Abbott Laboratories Supplemental Pension Plan	25	1,562,544	161,740(2)
J. M. Leonard	Abbott Laboratories Annuity Retirement Plan	20	467,435	0
	Abbott Laboratories Supplemental Pension Plan	20	3,181,668	363,923(2)

- (1) Abbott calculates these present values using: (i) a 5.18 percent discount rate, the same discount rate it uses for Financial Accounting Standards Board ASC Topic 715 calculations for financial reporting purposes; and (ii) each plan's unreduced retirement age, which is age 62 under the Abbott Laboratories Annuity Retirement Plan, age 60 under the Abbott Laboratories Supplemental Pension Plan for those executive officers who are eligible for early retirement benefits, and age 65 under both plans for other executive officers. The present values shown in the table reflect postretirement mortality, based on the Financial Accounting Standards Board ASC Topic 715 assumption (the RP2000 Combined Healthy table), but do not include a factor for preretirement termination, mortality, or disability.
- (2) Consistent with the distribution requirements of Section 409A of the Internal Revenue Code and its regulations, vested Supplemental Pension Plan benefits, to the extent not previously funded, were distributed to the participants' individual grantor trusts and included in the participants' income. Amounts held in the officer's individual trust are expected to offset Abbott's obligations to the officer under the plan. During 2011, the amounts shown, less applicable tax withholdings, were deposited in such individual trusts established by the named executive officers.
- (3) Mr. Gonzalez was not as of December 31, 2011 accruing further benefits under these Abbott plans. Mr. Gonzalez retired from Abbott in 2007 and began receiving payments from the Abbott Laboratories Annuity Retirement Plan and distributions from his Abbott Laboratories Supplemental Pension Plan grantor trust. When he returned to work at Abbott in 2009, these payments and distributions continued.

## 2011 Nonqualified Deferred Compensation

The following table summarizes Ms. Schumacher's and Mr. Chase's non-qualified deferred compensation under the Abbott Laboratories Deferred Compensation Plan. Ms. Schumacher, Mr. Chase, and Abbott have not contributed to accounts under the plan since such time as Ms. Schumacher and Mr. Chase, respectively, became Abbott officers. None of the other named executive officers has any non-qualified deferred compensation.

Name	Plan Name	Executive contributions in last FY (\$)	Registrant contributions in last FY (\$)	Aggregate earnings in last FY (\$)(3)	Aggregate withdrawals/distributions (\$)	Aggregate balance at last FYE \$(4)
L. J. Schumacher	Deferred Compensation Plan(1)(2)	0	0	(9,616)	0	236,209
W. J. Chase	Deferred Compensation Plan(1)(2)	\$ 0	\$ 0	\$ (1,115)	\$ 0	\$ 47,743

- (1) Ms. Schumacher's and Mr. Chase's contributions to the Deferred Compensation Plan ceased after they became Abbott officers.
- (2) The plan permits participants to defer up to 75 percent of their base salary and up to 100 percent of their annual cash incentives and credits a participant's account with an amount equal to the employer matching contributions that otherwise would have been made for the participant under Abbott's tax-qualified defined contribution plan. Participants may direct the investment of their deferral accounts into one or more of several funds chosen by the administrator, and the deferral account is credited with investment returns based on the performance of the fund(s) selected. During 2011, the weighted average rate of return credited to accounts was -3.91 percent for Ms. Schumacher and -2.28 percent for Mr. Chase.

The plan provides for cash distributions in either a lump sum or installments after separation from service and permits in-service withdrawals in accordance with specific procedures. Participants make distribution elections each year that apply to the deferrals to be made in the following calendar year, in accordance with the requirements of Internal Revenue Code Section 409A. Participants may request withdrawals due to financial hardship; if a hardship withdrawal is approved, it is limited to the amount needed to address the hardship.

- (3) The amounts reported in this column are not included in the Summary Compensation Table of this information statement.
- (4) The amounts reported in this column have not been previously reported as compensation in Abbott's Summary Compensation Tables because they relate to contributions made before the applicable individual became a named executive officer.

## Potential Payments on Termination or Change of Control

### Potential Payments Upon Termination—Generally

Abbott does not have employment agreements with any of the named executive officers.

The following summarizes the payments that the named executive officers would have received if their employment had terminated on December 31, 2011. Earnings, fees, and tax payments would have continued to be paid for the named executive officer's Performance Incentive Plan, Management Incentive Plan, and Supplemental 401(k) Plan grantor trusts, until the trust assets were fully distributed, and fees would have continued to be paid for the named executive officer's Supplemental Pension Plan

grantor trust, until its assets were fully distributed. The amount of these payments would depend on the period over which the trusts' assets were distributed, tax rates, and the trusts' earnings and fees. If the trusts' assets were distributed over a ten-year period and based on current tax rates, earnings, and fees, the named executive officers would receive the following average annual payments over such ten-year period: L. J. Schumacher, \$246,033; W. J. Chase, \$37,024; C. Alban, \$107,022; and J. M. Leonard, \$237,979. Pursuant to an election made at the time of his retirement in 2007, Mr. Gonzalez's trust assets began to be distributed over a 35-year period when he retired. Based on current tax rates, earnings and fees, and assuming the distributions continue during the remaining 31 years of the distribution period, he will receive an average annual payment of \$270,963 over the distribution period. In addition, the following one-time deposits would have been made under the Abbott Laboratories Supplemental Pension Plan for each of the following named executive officers, respectively, L. J. Schumacher, \$375,242; W. J. Chase, \$100,843; C. Alban, \$348,734; and J. M. Leonard, \$228,130. As of December 31, 2011, Mr. Leonard was eligible to retire, and was therefore eligible to receive the pension benefits described above. If the termination of employment had been due to disability, then the following named executive officers also would have received, in addition to Abbott's standard disability benefits, a monthly long-term disability benefit in the amount of \$49,167 for L. J. Schumacher; \$13,750 for W. J. Chase; \$25,417 for C. Alban; and \$19,813 for J. M. Leonard. This long-term disability benefit would continue for up to 18 months following termination of employment. It ends if the officer retires, recovers, dies or ceases to meet eligibility criteria.

In addition, if the named executive officer's employment had terminated due to death or disability, the officer's unvested stock options and restricted stock would have vested on December 31, 2011 with values as set forth below in this subsection under "—Accelerated Vesting of Equity Awards."

#### ***Potential Payments Upon Change in Control***

##### *Current Agreements*

Abbott maintains change in control arrangements with key members of its management team, in the form of change in control agreements for certain Abbott officers, including Ms. Schumacher, Messrs. Chase and Alban, and Dr. Leonard, and a change in control plan for certain other management personnel. The separation is not deemed a change in control under these agreements, which are described below.

Each agreement continues in effect until December 31, 2014, and at the end of each year is automatically extended through the third year thereafter unless Abbott notifies the executive that the agreement will not be extended. Each agreement also automatically extends through the second anniversary following any change in control (see below) that occurs while it is in effect.

Each agreement provides that if the executive's employment is terminated by Abbott within two years following a change in control other than for cause or permanent disability, if the executive terminates employment for good reason (see below) within two years following a change in control or, for Ms. Schumacher, Mr. Alban, and Dr. Leonard, if the executive terminates employment for any reason during the 30-day window period which begins six months after the date of a change in control, the executive is entitled to receive a lump sum payment equal to three times (two times, in the case of Mr. Chase) annual salary and annual incentive ("bonus") award (assuming for this purpose that all target performance goals have been achieved or, if higher, based on the average bonus for the last three years), plus any unpaid bonus owing for any completed performance period and the pro rata bonus for any current bonus period (based on the highest target bonus, average bonus for the past three years, or in the case of the unpaid bonus for any completed performance period, the actual bonus earned). If the executive's employment is terminated by Abbott other than for cause or permanent disability or if the executive terminates employment for good reason during a potential change in control (see below), the executive is entitled to receive a lump sum payment of the annual salary and

bonus payments described above, except that the amount of the bonus to which the executive is entitled will be based on the actual achievement of the applicable performance goals. If the potential change in control becomes a "change in control event" (within the meaning of Section 409A of the Internal Revenue Code), the executive will be entitled to receive the difference between the bonus amounts he or she received upon termination during the potential change in control and the bonus amounts that would have been received had such amounts instead been based on the higher of the executive's target bonus or the average bonus paid to the executive in the preceding three years. Bonus payments include payments made under the Performance Incentive Plan and Management Incentive Plan. Upon a termination entitling the executive to severance under the agreement, the executive would also receive up to two years of outplacement services and tax and financial counseling; and the value of three additional years (two additional years, in the case of Mr. Chase) of pension accruals, and payment of any excise taxes imposed under Section 4999 of the Internal Revenue Code and other related taxes for which the executive is responsible as a result of receiving such reimbursement of excise taxes. The agreement also limits the conduct for which awards under Abbott's incentive stock programs can be terminated and generally permit options to remain exercisable for the remainder of their term. Independent compensation consultants confirm that the level of payments provided under the agreement is consistent with current market practice.

For purposes of the agreements, the term "change in control" includes the following events: any person becoming the beneficial owner of Abbott securities representing 20 percent or more of Abbott's outstanding voting power (not including an acquisition directly from Abbott and its affiliates, subject to limited exceptions); a change in the majority of the members of the board of directors as of the date of the agreement (treating new directors whose appointment was approved by a vote of at least two-thirds of the incumbent directors as incumbent for this purpose); the consummation of certain mergers or similar corporate transactions involving Abbott; or the approval by shareholders of a plan of complete liquidation or dissolution. A "potential change in control" under the agreement includes Abbott's entry into an agreement that would result in a change in control; any person making a public announcement of the intention to take actions that would consummate a change in control; any person becoming the beneficial owner of Abbott securities representing 10 percent or more of Abbott's outstanding common stock or voting power; or the Abbott Board's adoption of a resolution that a potential change in control exists.

The term "good reason" includes: a significant adverse change in the executive's position, duties, or authority (including if the executive ceases to be an executive officer of a public company if he or she was before the change in control); Abbott's failure to pay the executive his or her current or deferred compensation; a reduction in, or a material change in the frequency of payment of, the executive's base salary; Abbott's failure to provide an annual bonus which is at least equal to the annual bonus the executive was awarded under Abbott's annual bonus plan in the year immediately preceding the change in control, equity-based incentive compensation consistent with Abbott's practices prior to the change in control, or benefits and perquisites that were provided to the executive prior to the change in control; relocation of Abbott's principal executive offices to a location that is more than 35 miles from the location of the offices at the time of the change in control or requiring the executive to be based anywhere other than the location where he or she primarily performs services immediately prior to the change in control; or Abbott's failure to obtain its successor's agreement to assume and perform Abbott's obligations under the agreement.

If a change in control had occurred on December 31, 2011, immediately followed by one of the covered circumstances described above, no excise taxes would have been owed by Ms. Schumacher. She would have been entitled to receive the following payments and benefits under the change in control agreements: Cash termination payments—\$7,202,500; Additional Supplemental Pension Plan benefits—\$758,813; Welfare and fringe benefits—\$94,245.

If a change in control had occurred on December 31, 2011, immediately followed by one of the covered circumstances described above, Mr. Chase would have been entitled to receive the following payments and benefits under the change in control agreements: Cash termination payments—\$1,740,000; Additional Supplemental Pension Plan benefits—\$250,556; Welfare and fringe benefits—\$64,397; Excise tax reimbursements—\$1,124,543.

If a change in control had occurred on December 31, 2011, immediately followed by one of the covered circumstances described above, Mr. Alban would have been entitled to receive the following payments and benefits under the change in control agreements: Cash termination payments—\$4,270,000; Additional Supplemental Pension Plan benefits—\$725,596; Welfare and fringe benefits—\$93,837; Excise tax reimbursements—\$3,101,641.

If a change in control had occurred on December 31, 2011, immediately followed by one of the covered circumstances described above, no excise taxes would have been owed by Dr. Leonard. He would have been entitled to receive the following payments and benefits under the change in control agreements: Cash termination payments—\$3,811,500; Additional Supplemental Pension Plan benefits—\$1,920,262; Welfare and fringe benefits—\$93,888.

#### *Amended Agreements*

The Abbott board of directors has approved an amended form of change in control agreement for Abbott executives who are party to change in control agreements. The amended form of agreement will replace the existing change in control agreements of Ms. Schumacher, Messrs. Chase and Alban, and Dr. Leonard, and will apply to Mr. Gonzalez, who currently does not have a change in control agreement with Abbott. The amended form of agreement generally contains substantially the same terms as Abbott's current form of change in control agreement, except that it: (i) does not include an automatic renewal feature; (ii) does not provide the executive with the right to receive a tax equalization "gross-up" payment from Abbott if the executive is subject to the "golden parachute" excise tax, and reduces the executive's change in control severance payments to prevent application of the excise tax if such a reduction would leave the executive in a better after-tax position than if the payments were not reduced and the tax were applied; and (iii) does not allow the executive to receive change in control severance benefits upon a resignation for any reason during a 30-day period commencing after the six-month anniversary of the change in control, but still provides that if the executive's employment is terminated (including "good reason" termination) during the two-year period following the change in control, the executive will be eligible to receive change in control severance benefits. In light of Mr. Chase's role as Chief Financial Officer of AbbVie, the Abbott board of directors has also approved an increase in the severance multiple in Mr. Chase's agreement from two to three.

#### *Accelerated Vesting of Equity Awards*

Under Abbott's incentive stock programs, upon a change in control all outstanding stock options, restricted stock and restricted stock units vest, including performance-based restricted stock, which is deemed earned in full. These programs, which were approved by Abbott's shareholders, cover approximately 14,000 participants, including a broad group of management and professional staff. If a change in control had occurred on December 31, 2011:

- Mr. Gonzalez would have vested (1) in an aggregate of 55,100 unvested stock options with a value of \$530,613, and (2) in an aggregate of 82,532 shares of restricted stock with a value equal to \$4,640,774.
- Ms. Schumacher would have vested (1) in an aggregate of 117,799 unvested stock options with a value of \$665,830, and (2) in an aggregate 114,566 shares of restricted stock with a value equal to \$6,442,046.

- Mr. Chase would have vested (1) in an aggregate of 32,199 unvested stock options with a value of \$207,340, and (2) in an aggregate of 31,633 shares of restricted stock with a value equal to \$1,778,724.
- Mr. Alban would have vested (1) in an aggregate of 81,766 stock options with a value of \$525,139, (2) in an aggregate of 69,233 shares of restricted stock with a value of \$3,892,972, and (3) in an aggregate of 9,066 restricted stock units with a value of \$509,781.
- Dr. Leonard would have vested (1) in an aggregate of 63,233 unvested stock options with a value of \$360,517, and (2) in an aggregate of 65,332 shares of restricted stock with a value equal to \$3,673,618.

The value of stock options shown is based on the excess of the closing price of an Abbott common share on December 31, 2011 over the exercise price of such options, multiplied by the number of unvested stock options held by the named executive officer. The value of shares of restricted stock shown is determined by multiplying the number of shares of restricted stock that would vest as of December 31, 2011 and the closing price of an Abbott common share on December 31, 2011.

#### **Director Compensation Following the Separation**

It is expected that, prior to the completion of the separation, AbbVie will adopt the AbbVie Non-Employee Directors' Fee Plan (the AbbVie Directors' Fee Plan), which will contain terms substantially similar to those that apply currently to non-employee directors of Abbott.

Pursuant to the AbbVie Directors' Fee Plan, non-employee directors will earn \$10,500 for each month of service as a director and \$1,000 for each month of service as a chairman of a board committee, other than for service as chairman of the audit committee or as chairman of the executive committee. The chairman of the audit committee will receive \$1,500 for each month of service as chairman of that committee and the other members of the audit committee will receive \$500 for each month of service as a committee member. The chairman of the executive committee will receive \$1,600 for each month of service as chairman of that committee.

Fees earned under the AbbVie Directors' Fee Plan will be paid in cash to the director, paid in the form of vested nonqualified stock options (based on an independent appraisal of their fair value), deferred (as a non-funded obligation of AbbVie), or paid currently into an individual grantor trust established by the director. The distribution of deferred fees and amounts held in a director's grantor trust generally commences at the later of when the director reaches age 65, or upon retirement from the board of directors. The director may elect to have deferred fees and fees deposited in a grantor trust credited to either a stock equivalent account that earns the same return as if the fees were invested in AbbVie stock or to a guaranteed interest account. If necessary, AbbVie contributes funds to a director's grantor trust so that as of year-end, the stock equivalent account balance (net of taxes) is not less than 75 percent of the market value of the related AbbVie common stock at year end.

In addition, the AbbVie Incentive Stock Program provides that each non-employee director elected to the board of directors at the annual stockholder meeting will receive vested restricted stock units having a value of \$113,000 (rounded down to the nearest share) and will receive cash payments equal to the dividends paid on the shares of AbbVie common stock covered by the units at the same rate as other stockholders. Upon termination, retirement from the board, death, or a change in control of AbbVie, a non-employee director will receive one share of AbbVie common stock for each outstanding restricted stock unit the director holds under the AbbVie Incentive Stock Program.

#### **AbbVie 2013 Incentive Stock Program**

AbbVie has adopted an incentive stock program with terms as set forth below.



### **Purpose**

The purposes of the AbbVie Incentive Stock Program are to attract and retain outstanding directors, officers and other employees of AbbVie and its subsidiaries, to furnish incentives to such individuals by providing opportunities to acquire shares of AbbVie common stock, or to receive monetary payments based on the value of such shares or on the financial performance of AbbVie, or both, on advantageous terms as provided in the AbbVie Incentive Stock Program, and to further align such individuals' interests with those of AbbVie's other stockholders through compensation that is based on the value of shares of AbbVie common stock. In addition, the AbbVie Incentive Stock Program provides for the assumption of certain awards (Adjusted Awards) granted under the incentive stock programs of Abbott and its subsidiaries and adjusted in connection with the separation, as will be described in the employee matters agreement. To accomplish its purposes, the AbbVie Incentive Stock Program authorizes the grant of several different forms of benefits including nonqualified stock options, restricted stock awards, restricted stock units, performance awards, other share-based awards, and foreign benefits (the Benefits).

### **Shares Reserved Under the Program**

The AbbVie Incentive Stock Program is also intended to enable compensation awarded to certain executives to qualify for the performance-based exception from the deductibility limitation of Code Section 162(m). The AbbVie Incentive Stock Program, as required by Code Section 162(m), sets the following maximums on the number of shares of AbbVie common stock subject to awards or dollar value of such awards on the date of grant that any individual participant can receive in any year under the program: 2 million shares subject to stock options or stock appreciation rights and \$15 million under all performance awards for any one performance year for any one participant. Accordingly, if the other conditions of Code Section 162(m) relating to the exclusion for performance-based compensation are satisfied, certain compensation paid to executive officers pursuant to the AbbVie Incentive Stock Program will not be subject to the deduction limit of Code Section 162(m).

The AbbVie Incentive Stock Program authorizes the granting of stock options and other Benefits with respect to an aggregate of 100 million shares of common stock, subject to adjustments as provided below.

The shares of common stock covered by the AbbVie Incentive Stock Program may be either authorized but unissued shares or shares that have been or may be reacquired by AbbVie in the open market, in private transactions, or otherwise. If there is a lapse, expiration, termination, forfeiture, or cancellation of any Benefit granted under the AbbVie Incentive Stock Program without the issuance of shares or payment of cash thereunder, the shares subject to such Benefit may again be used for the grant of new Benefits under the AbbVie Incentive Stock Program. Shares of common stock that are issued under any Benefit and thereafter reacquired by AbbVie pursuant to rights reserved upon the issuance of the shares or pursuant to the payment of the exercise price of stock options by delivery of other shares of AbbVie common stock, shares of common stock underlying stock options or stock-settled stock appreciation rights that are not issued upon the net exercise or net settlement of stock options or stock appreciation rights, and shares of common stock that are exchanged by the participant or withheld by AbbVie to satisfy tax withholding requirements in connection with any Benefit, in each case will not be available for subsequent awards under the AbbVie Incentive Stock Program. In addition, Benefits that may only be settled in cash will not reduce the number of shares of common stock available for subsequent awards under the AbbVie Incentive Stock Program.

Any shares underlying Adjusted Awards will not count against the shares available for Benefits under the AbbVie Incentive Stock Program, nor will the lapse, expiration, termination, forfeiture, or cancellation of any Adjusted Award without the issuance of shares or payment of cash thereunder

increase the number of shares that may be used for the grant of new Benefits under the AbbVie Incentive Stock Program.

#### ***Administration***

The AbbVie Incentive Stock Program provides that grants of Benefits and other determinations under the AbbVie Incentive Stock Program will be made by the AbbVie Compensation Committee or such other committee consisting entirely of persons who are both: (i) "disinterested persons" as defined in Rule 16b-3 of the Securities Exchange Commission; and (ii) "outside directors" as defined under Code Section 162(m) (the Committee), except that the Committee may delegate its authority to the extent consistent with applicable law and Securities and Exchange Commission rules, and except that AbbVie's chief executive officer may grant Benefits under the AbbVie Incentive Stock Program to eligible persons other than directors and executive officers of AbbVie, which grants will be reported to the Committee.

To the extent not inconsistent with the AbbVie Incentive Stock Program's provisions, the Committee's powers include, among other things, the power to grant Benefits, determine the persons to whom and the time or times at which Benefits will be granted, determine the type and number of Benefits to be granted and the terms and conditions relating to any Benefit, determine the terms and provisions of any Benefit agreement, make adjustments in the terms and conditions applicable to Benefits, construe and interpret the AbbVie Incentive Stock Program and any Benefit, and make all other determinations deemed necessary or advisable for the administration of the AbbVie Incentive Stock Program.

#### ***Eligibility***

Employees of AbbVie and its subsidiaries selected by the Committee will be eligible to receive Benefits under the AbbVie Incentive Stock Program. Directors who are not employees of AbbVie or its subsidiaries are eligible to receive certain restricted stock unit awards and nonqualified stock options, as described in more detail below. In addition, Adjusted Awards are expected to be granted under the AbbVie Incentive Stock Program in accordance with the employee matters agreement.

#### ***Duration***

The AbbVie Incentive Stock Program will continue in effect until the tenth anniversary of the distribution date, unless terminated earlier by the board of directors.

#### ***Adjustments***

The AbbVie Incentive Stock Program provides for equitable adjustment by the Committee in the event of certain corporate events such as a stock split, special dividend (in cash, shares, or other property), merger, spin-off, or similar occurrence affecting the shares including, for example, adjustments to the number of shares reserved under the AbbVie Incentive Stock Program, the number of shares covered by, or issuable pursuant to each outstanding Benefit, the exercise price or purchase price relating to any Benefit, the performance goals, and the individual and share limitations under the AbbVie Incentive Stock Program.

#### ***Nonqualified Stock Options***

The AbbVie Incentive Stock Program provides for the grant of nonqualified stock options (referred to as stock options). The exercise price of any stock option will be at least 100 percent of the fair market value of the shares of common stock on the grant date of the stock option. The Committee may provide for the payment of the exercise price in cash, by delivery of other shares of AbbVie common stock having a market value equal to the purchase price of such shares, including by

withholding of shares that would otherwise be distributed to the participant upon exercise, or by any other method approved by the Committee.

The Committee may permit or require a participant to pay all or a portion of the federal, state, and local taxes (in U.S. or non-U.S. jurisdictions), including social security and Medicare withholding tax, arising in connection with the receipt or exercise of any Benefit, by having AbbVie withhold shares or by delivering shares received in connection with the Benefit or previously acquired, having a fair market value approximating the amount to be withheld.

Certain Adjusted Awards comprised of stock options granted under an incentive stock program of Abbott or its subsidiaries before 2005 may qualify for the grant of replacement options under the AbbVie Incentive Stock Program. When an individual exercises a stock option granted with a replacement option feature that has been held for at least six months and pays the exercise price or taxes incurred in connection with the exercise by delivery or withholding of shares of AbbVie common stock, that individual may be granted a new nonqualified stock option for the number of shares so used. The replacement option will cover the number of shares surrendered to pay the purchase price, or surrendered or withheld to pay the individual's tax liability, if any, will have an exercise price equal to the fair market value of such shares on the date the replacement option is granted, will be exercisable in full six months from the date of grant, will expire on the expiration date of the original stock option and will contain a similar replacement option feature. The AbbVie Incentive Stock Program does not provide for the grant of replacement options other than pursuant to Adjusted Awards.

No stock option granted under the AbbVie Incentive Stock Program may be exercised after the expiration of ten years from the date it is granted. The AbbVie Incentive Stock Program contains special rules covering the time of exercise in case of retirement, death, disability, or other termination of employment.

The AbbVie Incentive Stock Program also provides that, unless otherwise provided in the applicable Benefit agreement, upon the occurrence of a "change in control" of AbbVie (as defined in the AbbVie Incentive Stock Program), all stock options will become fully vested and exercisable as of the date of the change in control.

#### ***Restricted Stock Awards and Restricted Stock Units***

Restricted stock awards consist of common shares transferred to participants, without payment, as additional compensation for their services to AbbVie or one of its subsidiaries. Restricted stock units consist of a contractual right of the participant to receive common shares, or cash equal in value to those shares, in the future, without payment, as additional compensation for their services to AbbVie or one of its subsidiaries. Restricted stock awards and restricted stock units awarded under the AbbVie Incentive Stock Program will be subject to such terms and conditions as the Committee determines are appropriate, including, without limitation, restrictions on the sale or other disposition of such shares. The Committee may provide the right to vote and receive dividends on restricted stock granted under the AbbVie Incentive Stock Program. Subject to Code Section 409A, the Committee may provide the right to receive dividend equivalents on restricted stock units granted under the AbbVie Incentive Stock Program. Unless otherwise provided, any dividends or dividend equivalents received, including in connection with a stock split of the shares of common stock underlying an award, will be subject to the same restrictions as the shares of common stock underlying the award.

The AbbVie Incentive Stock Program provides that, unless otherwise provided in the applicable Benefit agreement, upon the occurrence of a change in control of AbbVie, all terms and conditions of all restricted stock awards and restricted stock units then outstanding will be deemed to be satisfied, and all restrictions will lapse, as of the date of the change in control.

### ***Performance Awards***

The AbbVie Incentive Stock Program permits the grant of performance awards in the form of restricted stock, restricted stock units and other share-based awards. The goals established by the Committee will be based on any one or a combination of earnings per share, return on equity, return on assets, return on net assets, return on investment, total stockholder return, net operating income, cash flow, increase in revenue, economic value added, increase in share price, or cash flow return on investment. The performance goals may include a threshold level of performance below which no payment will be made (or no vesting will occur), levels of performance at which specified payments will be made (or specified vesting will occur), and a maximum level of performance above which no additional payment will be made (or at which full vesting will occur).

The AbbVie Incentive Stock Program provides that, unless otherwise provided in the applicable Benefit agreement, upon the occurrence of a change in control of AbbVie, all performance awards then outstanding will be deemed to have been fully earned and are immediately payable as of the date of the change in control.

### ***Other Stock-Based Awards***

The Committee may grant other stock-based awards, including stock appreciation rights and other awards, based on the value of shares of AbbVie common stock, subject to such terms and conditions as the Committee determines are appropriate. The Committee may grant no more than one thousand fully vested shares of AbbVie common stock in the form of recognition awards to any one individual in any one calendar year.

The AbbVie Incentive Stock Program provides that, unless otherwise provided in the applicable Benefit agreement, upon the occurrence of a change in control of AbbVie, all other share-based awards will become fully vested and all stock appreciation rights will become fully vested and exercisable as of the date of the change in control.

### ***Non-U.S. Benefits***

The Committee may grant Benefits to such officers and employees of AbbVie and its subsidiaries who reside outside of the United States, subject to such terms and conditions as the Committee determines are appropriate. The Committee may amend or vary the terms of the AbbVie Incentive Stock Program to conform such terms with the requirements of each jurisdiction where a subsidiary is located as it considers necessary or desirable to take into account or to mitigate or reduce the burden of taxation and social security contributions for participants and/or the subsidiary, or amend or vary the terms of the AbbVie Incentive Stock Program in a jurisdiction where the subsidiary is located as it considers necessary or desirable to meet the goals and objectives of the program. The Committee may establish one or more sub-programs for these purposes. The Committee may establish administrative rules and procedures to facilitate the operation of the AbbVie Incentive Stock Program in such jurisdictions. To the extent permitted under applicable law, the Committee, which may delegate its authority and responsibilities to one or more officers of AbbVie, intends to delegate to the senior vice president of human resources its authority and responsibilities with respect to the grant of Benefits to officers and employees of AbbVie and its subsidiaries who reside outside of the United States.

### ***Awards to Non-Employee Directors***

The AbbVie Incentive Stock Program permits each non-employee director to elect to receive any or all of his or her directors' fees earned under AbbVie's Non-Employee Directors' Fee Plan in the form of nonqualified stock options. The fees earned in any year that are covered by any such election will be converted to stock options based on an independent appraisal for such year of the value of such stock options. Each stock option due to a non-employee director under the AbbVie Incentive Stock

Program will be granted annually, on the date of the annual stockholders meeting, will be immediately exercisable and non-forfeitable, and will not be exercisable after the tenth anniversary of the date of grant.

The AbbVie Incentive Stock Program also provides that restricted stock units will automatically be awarded to each person elected as a director of AbbVie at the annual stockholders meeting who is not also an employee of AbbVie or its subsidiaries. The awards will be made on the date the person is elected as a director, and each award will cover a number of shares of common stock with a fair market value on the award date closest to the sum of an amount equal to six times the monthly fee under the terms of the Non-Employee Directors' Fee Plan on the date of the award and \$50,000. The shares covered by the awards will be fully vested on the award date. The non-employee director receiving the restricted stock units will be entitled to receive one common share for each restricted stock unit upon the earliest of the date the director experiences a "separation from service" (within the meaning of Code Section 409A), the date the director dies or the date of a change in control that also qualifies as a "change of control event" (within the meaning of Code Section 409A).

#### ***Nontransferability***

Except as provided by the Committee, Benefits granted under the Program will be exercisable only by the holder during the holder's lifetime; provided, however, that such Benefits will be transferable by will or by the laws of descent and distribution.

#### ***Amendment and Termination***

The AbbVie Incentive Stock Program may be amended from time to time or terminated by the board of directors. In the absence of stockholder approval, however, no such amendment may increase the aggregate number of shares available for Benefits, extend the term of the AbbVie Incentive Stock Program, or change or add a category or categories of individuals who are eligible to participate in the AbbVie Incentive Stock Program. In addition, without the written consent of the holder, no amendment or termination of the AbbVie Incentive Stock Program may materially and adversely modify the holder's rights under the express terms and conditions of an outstanding Benefit.

#### ***U.S. Federal Income Tax Consequences***

The following discussion is a brief summary of the principal U.S. federal income tax consequences of the AbbVie Incentive Stock Program under the provisions of the Code, as currently in effect. The Code and regulations are subject to change. This summary is not intended to be exhaustive and does not describe, among other things, state, local, or foreign income and other tax consequences. The specific tax consequences to a participant will depend upon a participant's individual circumstances.

Under existing law and regulations, the grant of stock options and stock appreciation rights will not result in income taxable to the employee or director or provide a deduction to AbbVie. However, the exercise of a nonqualified stock option or stock appreciation right results in taxable income to the holder, and AbbVie is entitled to a corresponding tax deduction. At the time of the exercise of a nonqualified stock option, the participant will be taxed at ordinary income tax rates on the excess of the fair market value of the shares purchased over the stock option's exercise price. At the time of the exercise of a stock appreciation right, the participant will be taxed at ordinary income tax rates on the amount of the cash, or the fair market value of the shares, received by the employee upon exercise.

A participant in the AbbVie Incentive Stock Program who is granted a restricted stock award will not be taxed upon the acquisition of such shares so long as the interest in such shares is subject to a "substantial risk of forfeiture" within the meaning of Code Section 83. Upon lapse or release of the restrictions, the recipient will be taxed at ordinary income tax rates on an amount equal to the then current fair market value of the shares. Any such awards that are not subject to a substantial risk of

forfeiture will be taxed at the time of grant. AbbVie will be entitled to a corresponding deduction when the value of the award is included in the recipient's taxable income. The basis of restricted shares held after lapse or termination of restrictions will be equal to their fair market value on the date of lapse or termination of restrictions, and upon subsequent disposition any further gain or loss will be a long-term or short-term capital gain or loss, depending upon the length of time the shares are held.

A recipient of a restricted stock award may elect to be taxed at ordinary income tax rates on the full fair market value of the restricted shares at the time of grant. If the election is made, the basis of the shares so acquired will be equal to the fair market value at the time of grant. If the election is made, no tax will be payable upon the subsequent lapse or release of the restrictions, and any gain or loss upon disposition will be a capital gain or loss.

An employee or non-employee director who is granted a restricted stock unit will not be taxed upon the grant of the award. Upon receipt of payment of cash or shares of common stock pursuant to a restricted stock unit, the employee or non-employee director will realize ordinary income in an amount equal to any cash received and the fair market value of any shares of common stock received, and AbbVie will be entitled to an income tax deduction equal to the amount of ordinary income recognized by the employee or non-employee director.

A recipient of a performance award will generally realize ordinary income at the time shares of common stock are transferred or cash is paid to the recipient with respect to such award.

**Agreements with Abbott**

Following the separation and distribution, AbbVie and Abbott will operate separately, each as an independent public company. AbbVie and Abbott have entered into a separation agreement and will enter into other agreements prior to the separation and distribution that will effect the separation, provide a framework for AbbVie's relationship with Abbott after the separation and provide for the allocation between AbbVie and Abbott of Abbott's assets, employees, liabilities and obligations (including its investments, property and employee benefits and tax-related assets and liabilities) attributable to periods prior to, at and after AbbVie's separation from Abbott, such as a separation and distribution agreement, a U.S. and an ex-U.S. transition services agreement, a tax sharing agreement, an employee matters agreement, a special products master agreement, an international commercial operations agreement, a Luxembourg international commercial operations agreement, finished goods supply agreements, contract manufacturing agreements, an information technology agreement, and a transitional trademark license agreement. The agreements listed above have been filed as exhibits to the registration statement on Form 10 of which this information statement is a part.

The summaries of each of the agreements listed above are qualified in their entirety by reference to the full text of the applicable agreements, which are incorporated by reference into this information statement. When used in this section, "distribution date" refers to the date on which Abbott distributes AbbVie's common stock to the holders of Abbott common shares.

In addition to the above agreements, Abbott and AbbVie will enter into certain lease agreements prior to the distribution, including a long-term lease pursuant to which AbbVie will lease from Abbott a portion of Abbott Park, Abbott's current headquarters. Certain shared services will also be contemplated in connection with this arrangement. These lease agreements, individually and in the aggregate, are not material to AbbVie's business.

**The Separation Agreement**

The following discussion summarizes the material provisions of the separation agreement that has been entered into between AbbVie and Abbott. The separation agreement sets forth, among other things, AbbVie's agreements with Abbott regarding the principal transactions necessary to separate AbbVie from Abbott. It also sets forth other agreements that govern certain aspects of AbbVie's relationship with Abbott after the distribution date.

***Transfer of Assets and Assumption of Liabilities***

The separation agreement identifies the assets to be transferred, the liabilities to be assumed and the contracts to be assigned to each of AbbVie and Abbott as part of the separation of Abbott into two companies, and it provides for when and how these transfers, assumptions and assignments will occur. In particular, the separation agreement provides, among other things, that, subject to the terms and conditions contained therein:

- certain assets related to the AbbVie business, referred to as the AbbVie Assets, will be transferred to AbbVie or one of AbbVie's subsidiaries, including:
  - certain pharmaceutical products, including those listed below, and the associated rights, clinical study data, product and marketing registrations, and applications:
    - HUMIRA;
    - Kaletra / Norvir;
    - Lupron;

- Synagis;
  - Sevoflurane (for human use);
  - Duodopa; and
  - Zemplar;
- the rights to sell certain pharmaceutical products in the United States, including those listed below, and the other rights to those products described in the special products master agreement:
    - Synthroid;
    - AndroGel;
    - Creon;
    - TriCor/Trilipix;
    - Simcor (rights to sell worldwide, except Canada); and
    - Niaspan;
  - pharmaceutical product candidates, including candidates for the treatment of HCV, renal disease, multiple sclerosis, Alzheimer's disease, schizophrenia, pain, cancer, uterine fibroids and immune-related conditions, and the rights, clinical study data, product and marketing registrations and applications related to these candidates;
  - the patents and trademarks used exclusively in the AbbVie business and certain other patents and trademarks, the know-how and copyrights that are used exclusively in the AbbVie business, and a non-exclusive right to the know-how and copyrights that are used in the AbbVie business, but are not used exclusively in the AbbVie business;
  - certain manufacturing facilities located in Barceloneta and Jayuya, Puerto Rico; North Chicago, Illinois; Worcester, Massachusetts; Campoverde di Aprilia, Italy; Cork and Sligo, Ireland; Ludwigshafen, Germany; and Wyandotte, Michigan;
  - research and development facilities, including those located in North Chicago, Illinois; Redwood City, California; Worcester, Massachusetts; Shanghai, China; and Ludwigshafen, Germany;
  - other real property, including distribution and warehouse facilities and office space;
  - contracts (or portions thereof) that relate to the AbbVie business;
  - equity interests of certain Abbott subsidiaries that hold assets and liabilities related to the AbbVie business;
  - information related to the AbbVie Assets, the AbbVie Liabilities, or the AbbVie business;
  - rights and assets expressly allocated to AbbVie or one of AbbVie's subsidiaries pursuant to the terms of the separation agreement or certain other agreements entered into in connection with the separation, including the rights to the Special Products that are allocated to AbbVie pursuant to the special products master agreement and any rights allocated to AbbVie pursuant to the international commercial operations agreements and the ex-U.S. transition services agreement; and
  - other assets that are included in the AbbVie pro forma balance sheet, such as the pension assets included in the unaudited pro forma combined financial statements of AbbVie, which appear in the section entitled "Unaudited Pro Forma Combined Financial Statements."



- certain liabilities related to the AbbVie business or the AbbVie Assets, referred to as the AbbVie Liabilities, will be retained by or transferred to AbbVie or one of AbbVie's subsidiaries, including:
  - liabilities arising out of actions, inactions, events, omissions, conditions, facts, or circumstances occurring or existing prior to the completion of the separation to the extent related to the AbbVie business or the AbbVie Assets;
  - liabilities for claims made by third parties, or directors, officers, employees, agents of Abbott or AbbVie or their subsidiaries or affiliates against either Abbott or AbbVie or any of their respective subsidiaries to the extent relating to, arising out of, or resulting from the AbbVie business or the AbbVie Assets;
  - liabilities and obligations expressly allocated to AbbVie or one of AbbVie's subsidiaries pursuant to the terms of the separation agreement or certain other agreements entered into in connection with the separation, including the liabilities and obligations related to the Special Products that are allocated to AbbVie pursuant to the special products master agreement and any liabilities allocated to AbbVie pursuant to the international commercial operations agreements and the ex-U.S. transition services agreement;
  - liabilities relating to the credit facility or other financing arrangements that AbbVie will enter into in connection with the separation;
  - liabilities relating to the plea agreement and corporate integrity agreement entered into in connection with the resolution of the Department of Justice's investigation into sales and marketing activities for Depakote;
  - liabilities relating to litigation that solely or primarily relates to the AbbVie business, the AbbVie Assets, or the AbbVie Liabilities; and
  - other liabilities that are included in the AbbVie pro forma balance sheet, such as the pension liabilities included in the unaudited pro forma combined financial statements of AbbVie, which appear in the section entitled "Unaudited Pro Forma Combined Financial Statements."
- all of the assets and liabilities (including whether accrued, contingent, or otherwise) other than the AbbVie Assets and AbbVie Liabilities (such assets and liabilities, other than the AbbVie Assets and the AbbVie Liabilities, referred to as the Abbott Assets and Abbott Liabilities, respectively) will be retained by or transferred to Abbott or one of its subsidiaries; and
- certain mixed contracts will be assigned, in part to AbbVie or its applicable subsidiaries or be appropriately amended.

Except as expressly set forth in the separation agreement or any ancillary agreement, neither AbbVie nor Abbott will make any representation or warranty as to the assets, business or liabilities transferred or assumed as part of the separation, as to any approvals or notifications required in connection with the transfers, as to the value of or the freedom from any security interests of any of the assets transferred, as to the absence or presence of any defenses or right of setoff or freedom from counterclaim with respect to any claim or other asset of either AbbVie or Abbott, or as to the legal sufficiency of any assignment, document or instrument delivered to convey title to any asset or thing of value to be transferred in connection with the separation. All assets will be transferred on an "as is," "where is" basis and the respective transferees will bear the economic and legal risks that any conveyance will prove to be insufficient to vest in the transferee good and marketable title, free and clear of all security interests, and that any necessary consents or governmental approvals are not obtained or that any requirements of laws, agreements, security interests, or judgments are not complied with.

Information in this information statement with respect to the assets and liabilities of the parties following the distribution is presented based on the allocation of such assets and liabilities pursuant to the separation agreement, unless the context otherwise requires. The separation agreement provides that, in the event that the transfer or assignment of certain assets and liabilities to Abbott or AbbVie, as applicable, does not occur prior to the separation, then until such assets or liabilities are able to be transferred or assigned, Abbott or AbbVie, as applicable, will hold such assets on behalf of and for the benefit of the other party and will pay, perform, and discharge such liabilities, for which the other party will reimburse Abbott or AbbVie, as applicable, for all commercially reasonable payments made in connection with the performance and discharge of such liabilities. For example, due to the requirements of applicable laws, the need to obtain certain governmental and third-party consents and other business reasons, the transfer of certain assets and liabilities to Abbott or AbbVie will be deferred in certain jurisdictions outside of the United States until after the completion of the separation. The international commercial operations agreements implement the principle outlined above with respect to the assets and liabilities in those jurisdictions and provide the mechanisms and transactions that will be used to transfer the benefits and burdens of the assets and liabilities located in those jurisdictions.

#### ***The Cash Distribution and Notes Issuance***

The separation agreement provides that, prior to the distribution, AbbVie will make a cash distribution of \$10.2 billion to Abbott in connection with the separation and distribution and issue approximately \$3.0 billion in principal amount of certain senior notes to Abbott in partial consideration for the transfer of assets from Abbott to AbbVie, which notes will thereafter be immediately exchanged by Abbott with a third party for existing commercial paper of Abbott in satisfaction and discharge of such commercial paper. Abbott will deposit the proceeds from the cash distribution in a segregated account and is expected to use these funds to repay a portion of Abbott's maturing debt and repurchase a portion of Abbott's existing public debt in one or more tender offers or otherwise. The separation agreement provides that such repayments and repurchases will occur as promptly as practicable prior to the distribution, but in no event later than one year after the distribution.

AbbVie made the cash distribution and issued the senior notes to Abbott in November 2012, pursuant to the terms of the separation agreement, and Abbott exchanged the senior notes with a third party for existing commercial paper of Abbott in satisfaction and discharge of such commercial paper. Abbott also repurchased or redeemed a portion of its existing public debt through a tender offer and expects to repurchase or redeem additional debt prior to the distribution.

#### ***The Distribution***

The separation agreement also governs the rights and obligations of the parties regarding the distribution following the completion of the separation. On the distribution date, Abbott will distribute to its shareholders that hold Abbott common shares as of the record date all of the issued and outstanding shares of AbbVie's common stock on a pro rata basis. Shareholders will receive cash in lieu of any fractional shares.

#### ***Conditions to the Distribution***

The separation agreement provides that the distribution is subject to the satisfaction (or waiver by Abbott) of certain conditions. These conditions are described under "The Separation and Distribution—Conditions to the Distribution." Abbott has the sole and absolute discretion to determine (and change) the terms of, and to determine whether to proceed with, the distribution and, to the extent it determines to so proceed, to determine the record date, the distribution date and the distribution ratio.

### **Claims**

In general, each party to the separation agreement will assume liability for all pending, threatened and unasserted legal matters related to its own business or its assumed or retained liabilities and will indemnify the other party for any liability to the extent arising out of or resulting from such assumed or retained legal matters.

### **Settlement of Accounts between Abbott and AbbVie**

The separation agreement provides that all intercompany receivables and payables as to which there are no third parties and that are between AbbVie or an AbbVie subsidiary that is incorporated in the United States, on the one hand, and Abbott or an Abbott subsidiary that is incorporated in the United States, on the other hand, as of immediately prior to the completion of the separation, will be settled, capitalized, cancelled, assigned, or assumed by AbbVie or one or more AbbVie subsidiaries as of immediately prior to the completion of the separation. All other intercompany receivables and payables as to which there are no third parties and that are between AbbVie or an AbbVie subsidiary, on the one hand, and Abbott or an Abbott subsidiary, on the other hand, as of immediately prior to the completion of the separation, will continue to remain outstanding following the completion of the separation on the same terms and conditions that applied immediately prior to the completion of the separation. The separation agreement also provides that at or prior to the distribution date, all brokerage accounts owned by AbbVie will be de-linked from the Abbott accounts.

### **Releases**

The separation agreement provides that AbbVie and its affiliates will release and discharge Abbott and its affiliates from all liabilities assumed by AbbVie as part of the separation, from all acts and events occurring or failing to occur, and all conditions existing, on or before the distribution date relating to AbbVie's business, and from all liabilities existing or arising in connection with the implementation of the separation, except as expressly set forth in the separation agreement. Abbott and its affiliates will release and discharge AbbVie and its affiliates from all liabilities retained by Abbott and its affiliates as part of the separation and from all liabilities existing or arising in connection with the implementation of the separation, except as expressly set forth in the separation agreement.

These releases will not extend to obligations or liabilities under any agreements between the parties that remain in effect following the separation, which agreements include, but are not limited to, the separation agreement, transition services agreements, tax sharing agreement, employee matters agreement, special products master agreement, and certain other agreements, including an information technology agreement, the international commercial operations agreements, the finished goods supply agreements and contract manufacturing agreements, the intellectual property license agreements, and the transfer documents in connection with the separation.

### **Indemnification**

In the separation agreement, AbbVie agrees to indemnify, defend and hold harmless Abbott, each of its affiliates and each of their respective directors, officers and employees, from and against all liabilities relating to, arising out of or resulting from:

- the AbbVie Liabilities;
- the failure of AbbVie or any of its subsidiaries to pay, perform or otherwise promptly discharge any of the AbbVie Liabilities, in accordance with their respective terms, whether prior to, at or after the distribution;
- the conduct of any business, operation or activity by AbbVie or any of its affiliates from and after the distribution;

- any breach by AbbVie or any of its subsidiaries of the separation agreement or any of the ancillary agreements; and
- any untrue statement or alleged untrue statement of a material fact in the registration statement or this information statement.

Abbott agrees to indemnify, defend and hold harmless AbbVie, each of its affiliates and each of its respective directors, officers and employees from and against all liabilities relating to, arising out of or resulting from:

- the Abbott Liabilities;
- the failure of Abbott or any of its subsidiaries, other than AbbVie, to pay, perform or otherwise promptly discharge any of the Abbott Liabilities, in accordance with their respective terms whether prior to, at, or after the distribution;
- the conduct of any business, operation or activity by Abbott or any of its affiliates from and after the distribution (other than the conduct of business, operations or activities for the benefit of AbbVie pursuant to an ancillary agreement);
- any breach by Abbott or any of its subsidiaries, other than AbbVie, of the separation agreement or any of the ancillary agreements; and
- any untrue statement or alleged untrue statement of a material fact made explicitly in Abbott's name in the registration statement or this information statement.

The separation agreement also establishes procedures with respect to claims subject to indemnification and related matters.

#### ***Patent Licenses***

The separation agreement provides that AbbVie and Abbott will grant each other perpetual, irrevocable, fully paid, and royalty-free licenses to certain patents to make, have made, use, sell, have sold, offer for sale, or import products. These licenses are generally limited to a field of use consistent with the licensee's business, and are generally worldwide, except where related to products that both AbbVie and Abbott will be selling in separate jurisdictions. Most of the licenses are non-exclusive, with the exception of one exclusive license from Abbott to AbbVie related to a specific product, one exclusive license from AbbVie to Abbott related to a specific product and two co-exclusive licenses. The licenses expire on the expiration of the applicable patents, and may be terminated earlier upon request of the licensee, or upon mutual consent of the parties.

#### ***Legal Matters***

Subject to certain specified exceptions, each party to the separation agreement will assume the liability for, and control of, all pending and threatened legal matters related to its own business, including liabilities for any claims or legal proceedings related to products that had been part of its business but were discontinued prior to the distribution, as well as assumed or retained liabilities and will indemnify the other party for any liability arising out of or resulting from such assumed legal matters. In addition, AbbVie will assume the liability for and control of certain proceedings relating to Depakote.

#### ***Insurance***

The separation agreement provides for the allocation between the parties of rights and obligations under existing insurance policies with respect to occurrences prior to the distribution and sets forth procedures for the administration of insured claims. In addition, the separation agreement allocates

between the parties the right to proceeds and the obligation to incur certain deductibles under certain insurance policies. The separation agreement also provides that Abbott will obtain, subject to the terms of the agreement, certain directors and officers insurance policies to apply against certain pre-separation claims, if any.

#### ***Further Assurances***

In addition to the actions specifically provided for in the separation agreement, except as otherwise set forth therein or in any ancillary agreement, both AbbVie and Abbott agree in the separation agreement to use commercially reasonable efforts, prior to, on and after the distribution date, to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper or advisable under applicable laws, regulations and agreements to consummate and make effective the transactions contemplated by the separation agreement and the ancillary agreements.

#### ***Non-Competition***

The separation agreement provides that, for ten years following the completion of the distribution (or if not enforceable for ten years in a country, for such period as will be enforceable in such country), subject to certain specified exceptions, Abbott and any of its subsidiaries will not directly or indirectly, anywhere in the world, discover, research, develop, import, export, manufacture, market, distribute, promote or sell any anti-TNF antibody, JAK inhibitor or IL-12 inhibitor.

#### ***Transition Committee***

The separation agreement provides that prior to the completion of the separation, AbbVie and Abbott will establish a transition committee that will consist of an equal number of members from AbbVie and Abbott. The transition committee will be responsible for monitoring and managing all matters related to the separation and all other transactions contemplated by the separation agreement or any ancillary agreement. The transition committee will have the power to establish various subcommittees from time to time as it deems appropriate or as may be described in the ancillary agreements.

#### ***Dispute Resolution***

The separation agreement contains provisions that govern, except as otherwise provided in any ancillary agreement, the resolution of disputes, controversies or claims that may arise between AbbVie and Abbott related to the separation or distribution and that are unable to be resolved by the transition committee. These provisions contemplate that efforts will be made to resolve disputes, controversies and claims by escalation of the matter to senior management or other mutually agreed representatives of AbbVie and Abbott. If such efforts are not successful, either AbbVie or Abbott may submit the dispute, controversy or claim to binding alternative dispute resolution, subject to the provisions of the separation agreement.

#### ***Expenses***

Except as expressly set forth in the separation agreement or in any ancillary agreement, Abbott will be responsible for all costs and expenses incurred in connection with the separation and distribution incurred prior to the distribution date, including costs and expenses relating to legal and tax counsel, financial advisors and accounting advisory work related to the separation and distribution. Except as expressly set forth in the separation agreement or in any ancillary agreement, or as otherwise agreed in writing by Abbott and AbbVie, all such costs and expenses incurred in connection with the separation and distribution after the distribution will be paid by the party incurring such cost and expense.

### ***Other Matters***

Other matters governed by the separation agreement include access to financial and other information, confidentiality, access to and provision of records and treatment of outstanding guarantees and similar credit support.

### ***Termination***

The separation agreement provides that it may be terminated and the separation and distribution may be modified or abandoned at any time prior to the distribution date in the sole discretion of Abbott without the approval of any person, including AbbVie's or Abbott's shareholders. In the event of a termination of the separation agreement, no party, nor any of its directors, officers, or employees, will have any liability of any kind to the other party or any other person. After the distribution date, the separation agreement may not be terminated except by an agreement in writing signed by both Abbott and AbbVie.

### **Transition Services Agreements**

AbbVie and Abbott will enter into transition services agreements (one transition services agreement for services to be provided in the United States and one transition services agreement for services to be provided outside the United States) prior to the distribution pursuant to which AbbVie and Abbott and their respective subsidiaries will provide to each other, on an interim, transitional basis, various services. The services to be provided in the United States include information technology, accounts payable, payroll, and other financial functions, as well as engineering support for various facilities, quality assurance support, and other administrative services. The services to be provided outside the United States include information technology, accounts payable, payroll, receivables collection, treasury and other financial functions, as well as order entry, warehousing, and other administrative services. The general governing terms of the transition services agreements will be substantially identical. The agreed upon charges for such services are generally intended to allow the servicing party to recover all out-of-pocket costs and expenses and a predetermined profit equal to a mark-up of such out-of-pocket expenses.

Each transition services agreement will terminate on the expiration of the term of the last service provided under it, which will generally be up to 24 months following the distribution date, with the option for a one-year extension. The recipient for a particular service generally can terminate that service prior to the scheduled expiration date, subject to a minimum notice period equal to the shorter of 180 days or half of the original service period. Services can only be terminated at a month-end. Due to interdependencies between services, certain services may be extended or terminated early only if other services are likewise extended or terminated.

AbbVie has been preparing for the transition away from the services to be provided under the transition services agreements. AbbVie anticipates that it will generally be in a position to complete the transition away from those services (except for certain information technology-related and collections services) on or before two years following the distribution date.

Subject to certain exceptions, the liability of each party under the transition services agreements for the services it provides will generally be limited to the aggregate profits it receives in connection with the provision of such services during the twelve-month period prior to a claim. The transition services agreements also provide that the provider of a service shall not be liable to the recipient of such service for any special, indirect, incidental, or consequential damages.

### **Special Products Master Agreement**

AbbVie and Abbott will enter into a special products master agreement prior to the separation which will specify which assets and liabilities of the following pharmaceutical products, referred to as the Special Products, are being transferred to AbbVie or retained by Abbott as part of the separation: AndroGel, Creon, Niaspan, Synthroid, Simcor, TriCor/Trilipix, Biaxin, Marinol, Advicor, Mavik, Tarka, Teveten, Depakote, and Luvox. The special products master agreement will generally govern Abbott's and AbbVie's respective rights, responsibilities and obligations after the distribution with respect to the development, manufacturing, marketing, distribution, promotion, and sale of the Special Products. AbbVie will have rights to AndroGel, Creon, Niaspan, Synthroid, TriCor/Trilipix, Biaxin, Marinol, Mavik, Tarka, Teveten, and Depakote only in the United States. AbbVie will have rights to Simcor and Advicor worldwide, except Canada. In addition, AbbVie will have the rights to Luvox only in Japan.

The special products master agreement is expected to remain in effect for as long as either company is commercializing a special product and can be terminated by an agreement in writing signed by each of Abbott and AbbVie. In addition, if Abbott or AbbVie notifies the other party that it has discontinued all commercialization activities with respect to a Special Product, certain of Abbott's and AbbVie's obligations under the special products master agreement will expire with respect to such Special Product. Each party is responsible, at its own cost and expense, for commercializing the Special Products in the territories granted to it under the agreement, including establishing conditions of sale, pricing, and booking sales.

### **Tax Sharing Agreement**

AbbVie and Abbott will enter into a tax sharing agreement prior to the distribution which will generally govern Abbott's and AbbVie's respective rights, responsibilities and obligations after the distribution with respect to taxes for any tax period ending on or before the distribution date, as well as tax periods beginning before and ending after the distribution date. Generally, Abbott will be liable for all pre-distribution U.S. federal income taxes, foreign income taxes and certain non-income taxes attributable to AbbVie's business. AbbVie generally will be liable for all other taxes attributable to its business. In addition, the tax sharing agreement will address the allocation of liability for taxes that are incurred as a result of restructuring activities undertaken to effectuate the distribution. The tax sharing agreement will also provide that AbbVie is liable for taxes incurred by Abbott that may arise if AbbVie takes, or fails to take, as the case may be, certain actions that may result in the distribution failing to meet the requirements of a tax-free distribution under Section 355 of the Internal Revenue Code.

### **Employee Matters Agreement**

AbbVie and Abbott will enter into an employee matters agreement prior to the distribution to allocate liabilities and responsibilities relating to employment matters, employee compensation and benefits plans and programs and other related matters. The employee matters agreement will govern Abbott's and AbbVie's compensation and employee benefit obligations with respect to the current and former employees and non-employee directors of each company.

The employee matters agreement will provide that, unless otherwise specified, Abbott will be responsible for liabilities associated with employees who continue service with Abbott following the distribution date and liabilities associated with former employees whose last employment was not with the AbbVie businesses, and AbbVie will be responsible for liabilities associated with employees who transfer to AbbVie and liabilities associated with former employees whose last employment was with the AbbVie businesses.

AbbVie employees generally will become eligible to participate in AbbVie benefit plans as of the distribution date. In general, AbbVie benefit plans will contain terms substantially similar to those of the corresponding Abbott plans. Abbott and AbbVie have agreed to continue benefit programs in the

In general, AbbVie will credit each employee with his or her service with Abbott prior to the distribution for all purposes under the AbbVie benefit plans, so long as such crediting does not result in a duplication of benefits.

#### ***Retirement and Deferred Compensation Programs***

AbbVie will establish a defined benefit pension plan (the AbbVie Pension Plan), which will be substantially similar to the Abbott Annuity Retirement Plan and will include the same benefit formula that is in effect under the Abbott Annuity Retirement Plan as of the distribution date. The AbbVie Pension Plan will provide benefits to AbbVie U.S. employees transferred in connection with the separation who had participated in the Abbott Annuity Retirement Plan. The AbbVie Pension Plan will accept assets and assume liabilities from the Abbott Annuity Retirement Plan which relate to transferred employees. After the distribution date, a portion of the assets of the trust funding the Abbott Annuity Retirement Plan will be transferred to a trust designated to fund the AbbVie Pension Plan. Transferred employees will be eligible to participate in the AbbVie Pension Plan to the extent they were eligible to participate in the Abbott Annuity Retirement Plan, and they will receive credit for Abbott service to the extent credited under the Abbott Annuity Retirement Plan and recognition for compensation paid by Abbott as though it were compensation paid by AbbVie. Accrued benefits for transferred employees under the Abbott Annuity Retirement Plan will be payable under the AbbVie Pension Plan.

Abbott and AbbVie will jointly establish and sponsor a defined benefit pension plan to provide benefits to participants in the Abbott Annuity Retirement Plan who terminate service with Abbott before the distribution date. The benefits provided to former employees will be the same as those they would have received or are receiving under the Abbott Annuity Retirement Plan as of the distribution date. The jointly sponsored plan will accept assets and assume liabilities from the Abbott Annuity Retirement Plan which relate to former employees. As soon as practicable after the distribution date, a portion of the assets of the trust funding the Abbott Annuity Retirement Plan related to the former employees who were participating in the Abbott Annuity Retirement Plan immediately before the distribution date will be transferred to a trust designated to fund the jointly sponsored plan. Each former employee's benefit under the jointly sponsored plan after the distribution date will be his or her accrued benefit under the Abbott Annuity Retirement Plan immediately before the distribution date, and will be paid under the jointly sponsored plan at the time and in a form that would have been permitted under the Abbott Annuity Retirement Plan.

Defined contribution and deferred compensation accounts of AbbVie's U.S. employees (including loans) will be transferred from the applicable Abbott defined contribution retirement or deferred compensation plan to the corresponding AbbVie plan. AbbVie will also assume liabilities for U.S. non-qualified defined benefit pension benefits of AbbVie employees. In general, Abbott will retain liability for benefits of former employees under U.S. qualified defined contribution, non-qualified deferred compensation, and non-qualified defined benefit pension plans, although in some cases AbbVie will reimburse Abbott for a portion of the expense associated with former employees.

#### ***Welfare Plans***

Abbott will retain liability for claims incurred under the Abbott health and welfare plans prior to the distribution date, whether incurred by employees who will be employed by Abbott or AbbVie following the distribution date or by former employees. Following the distribution date, AbbVie employees will commence participation in AbbVie health and welfare plans. In general, Abbott will retain liability for U.S. retiree medical and life insurance benefits for employees continuing with Abbott



and for former employees, although AbbVie will reimburse Abbott for a portion of the expense associated with former employees.

Abbott will be responsible for workers' compensation and disability benefits for employees continuing with Abbott following the distribution date and for former employees whose last employment was not with the AbbVie businesses, and AbbVie will be responsible for workers' compensation and disability benefits for employees transferring to AbbVie and for former employees whose last employment was with the AbbVie businesses. AbbVie also will be responsible for certain other benefits for former employees who are on disability leave and whose last employment was with the AbbVie businesses.

#### ***Equity Compensation Awards***

The employee matters agreement will provide for the conversion of outstanding awards granted under Abbott's equity compensation programs (whether held by Abbott or AbbVie employees or other participants) into adjusted awards based on both Abbott common shares and AbbVie common stock. For purposes of adjusted award vesting, continued employment or service with Abbott or AbbVie, as applicable, will be treated as continued employment or service for both Abbott and AbbVie awards.

Holders of Abbott restricted shares or restricted stock units will generally retain those awards and also will receive restricted stock or restricted stock units of AbbVie, in an amount that reflects the distribution to Abbott shareholders, by applying the distribution ratio to the Abbott restricted shares or restricted stock units as though they were unrestricted Abbott shares. Together, the Abbott and AbbVie awards are intended to preserve the value of the original Abbott restricted shares or restricted stock units as measured immediately before and immediately after the distribution. The original Abbott restricted shares and restricted stock units and the AbbVie restricted stock and restricted stock units will be subject to substantially the same terms, vesting conditions and other restrictions that applied to the original Abbott restricted shares and restricted stock units, respectively, immediately before the distribution. Dividend equivalent payments on restricted stock units will be paid by the restricted stock unit holder's employer (Abbott or AbbVie, as applicable).

Each Abbott stock option will be converted into an adjusted Abbott stock option and an AbbVie stock option, which together are intended to preserve the aggregate value of the original Abbott stock option as measured immediately before and immediately after the distribution. The adjusted Abbott stock option is expected to cover the same number of shares as the original Abbott stock option, but the exercise price will be adjusted to reflect the distribution. The adjusted Abbott stock options and the AbbVie stock options will be subject to substantially the same terms, vesting conditions, post-termination exercise rules, and other restrictions that applied to the original Abbott stock option immediately before the distribution.

If local regulations outside the United States do not permit use of the adjustment method described above or would cause an adverse effect for equity award holders, a compliant alternative adjustment method will be used. In such cases, affected employees typically will receive adjusted awards in the equity of their post-distribution employer.

#### ***Miscellaneous***

The employee matters agreement will address other employee-related issues and certain special circumstances, including employees who will transfer to their eventual permanent employer on a delayed basis, special rules for benefit arrangements in various non-U.S. jurisdictions, and treatment of certain legacy plans originally adopted by companies that have been acquired by Abbott.

## **International Commercial Operations Agreements**

The local separation of AbbVie's business in certain countries outside the United States will not occur until after the distribution date due to regulatory requirements, the need to obtain consents from local governmental authorities, and other business reasons. The international commercial operations agreement and the Luxembourg international commercial operations agreement will provide for the conduct of the AbbVie business by Abbott in such countries until the local separation is completed, and will provide that AbbVie will be subject to all the risks and burdens and entitled to all the benefits generated by the AbbVie business during such period. The international commercial operations agreements will also govern the process for the local separation of AbbVie's business following the distribution date. The agreements will expire on the earlier of the last local separation date and the second anniversary of the distribution date (or, in the case of Brazil, the third anniversary of the distribution date).

## **Information Technology Agreement**

AbbVie and Abbott will enter into an information technology agreement that provides for the separation of various information technology systems and services that AbbVie currently shares with Abbott. The information technology agreement will specify the parties' responsibilities and allocation of associated project costs to effect the separation of the information technology systems. The information technology agreement will terminate two years from the distribution date, with an option for a one-year extension. Either AbbVie or Abbott can generally terminate a project under which it is receiving services on 90 days' notice in order to transfer to itself the control and responsibility for that project. The information technology agreement does not otherwise contain any rights of AbbVie or Abbott to terminate the agreement.

## **Manufacturing and Supply Agreements**

AbbVie will enter into finished good supply agreements and contract manufacturing agreements with Abbott prior to the distribution pursuant to which AbbVie or Abbott, as the case may be, will manufacture, label, and package products for the other party. Under the finished goods supply agreements, Abbott will manufacture for AbbVie the active pharmaceutical ingredients for Trilipix, Depakote, and Biacin, in each case to be sold in the United States. Abbott will also supply to AbbVie the active pharmaceutical ingredient for Tarka to be sold in the United States and Luvox to be sold in Japan. In addition, Abbott will manufacture for AbbVie Creon to be sold in the United States, and tubing for Duodopa. Under the contract manufacturing agreements, Abbott will provide AbbVie with local packaging services for HUMIRA, Kaletra, Norvir, and Synagis for Japan, local packaging services for HUMIRA, Kaletra, Lupron, Norvir, Simdax, Survanta, Synagis, and Zemplar for Mexico, local packaging services for HUMIRA, Kaletra, Norvir, and Survanta for Argentina, and local filling and packaging services for Sevoflurane (for human use) and Forane for Latin America. In addition, AbbVie will enter into finished goods supply agreements and contract manufacturing agreements with Abbott to manufacture for Abbott Special Products and certain other pharmaceutical products.

These manufacturing and supply agreements will have a term of up to five years. Either party may terminate an agreement upon a material breach by the other party that is not cured within 30 days, if the other party is debarred or becomes insolvent or bankrupt, or if a governmental authority ruling or interpretation makes it impossible to continue the agreement. The purchasing party may also terminate an agreement if the manufacturing party materially violates applicable law, or if there is a recall of products due to the manufacturing party's negligence, recklessness, willful misconduct, or material breach of the agreement.

Under the finished goods supply agreements, the party purchasing finished goods will pay a fixed product cost, and the manufacturing party will be responsible for all costs associated with the

manufacture of products, including the costs of raw materials and active pharmaceutical ingredients. Under the contract manufacturing agreements, the party purchasing goods will provide the manufacturing party with active pharmaceutical ingredients or unfinished goods and will pay for the services provided by the manufacturing party.

#### **Transitional Trademark License Agreement**

AbbVie and Abbott will enter into a transitional trademark license agreement pursuant to which each will grant the other a non-exclusive, royalty-free and worldwide license to use certain of each other's trademarks following separation. The license to AbbVie will allow it to continue using certain of Abbott's trademarks in order to provide sufficient time for AbbVie to rebrand or phase out its use of the licensed marks. AbbVie will be required to cease all use of the licensed marks within a certain period of time after the distribution date, which period will be determined as follows: five years from the distribution date for use of the licensed marks on the products themselves, two years from the distribution date for other uses of the licensed marks on product packaging and labeling, and one year from the distribution date for uses of the licensed marks in other electronic and printed materials. If AbbVie is unable to discontinue use of the licensed marks within these time frames, it may request Abbott's consent for an extension with such consent not to be unreasonably withheld. The license to Abbott will allow it to use certain of AbbVie's trademarks in the course of providing services to AbbVie following the distribution date pursuant to the terms and conditions of the transition services agreements and international commercial operations agreements. The term of this license from AbbVie to Abbott will be for the duration of the services being provided. Either party may immediately terminate its license to the other if the other party breaches the agreement's use restrictions or contests the licensing party's trademark rights and fails to cure such breach within a reasonable period of time.

#### **Lease Agreements**

AbbVie and Abbott will enter into lease agreements prior to the distribution, pursuant to which AbbVie or Abbott, as the case may be, will lease office, warehouse, laboratory and manufacturing facilities from the other party. AbbVie will lease from Abbott a portion of Abbott Park, Abbott's current headquarters, as well as office and warehouse space in Germany and Chile, manufacturing and office space in Spain, and office space in Mexico. Abbott will lease from AbbVie manufacturing, office, and warehouse facilities in Puerto Rico, Germany, Ireland, and Italy and laboratory space in the United States. Other than the lease for a portion of Abbott Park, which has an initial term of 20 years, the agreements under which AbbVie leases property from Abbott have terms ranging from one to two years.

Each of AbbVie and Abbott, as lessee, will pay rent to the other party. Rent payments will generally be adjusted each year of the lease to reflect increase or decreases in operating and maintenance expenses and other factors. The lessor may generally terminate the leases in the event of a material uncured default by the lessee.

#### **Procedures for Approval of Related Person Transactions**

AbbVie's board of directors is expected to adopt a written Related Person Transaction Policy and Procedures. This policy will require the Nominations and Governance Committee to review, approve, or ratify any transaction in which AbbVie participates and in which any related person has a direct or indirect material interest if such transaction involves or is expected to involve payments of \$120,000 or more in the aggregate per fiscal year. Related person transactions requiring review by the Nominations and Governance Committee pursuant to this policy will be identified in:

- questionnaires annually distributed to AbbVie's directors and officers;

- certifications submitted annually by AbbVie officers related to their compliance with AbbVie's Code of Business Conduct; or
- communications made directly by the related person to the chief financial officer or general counsel.

In determining whether to approve or ratify a related person transaction, the Nominations and Governance Committee will consider the following items, among others:

- the related person's relationship to AbbVie and interest in the transaction;
- the material facts of the transaction, including the aggregate value of such transaction or, in the case of indebtedness, the amount of principal involved;
- the benefits to AbbVie of the transaction;
- if applicable, the availability of other sources of comparable products or services;
- an assessment of whether the transaction is on terms that are comparable to the terms available to an unrelated third party or to employees generally;
- whether a transaction has the potential to impair director independence; and
- whether the transaction constitutes a conflict of interest.

This process will be included in the nominations and governance committee's written charter, which will be available on the corporate governance section of AbbVie's investor relations Web site ([www.abbvieinvestor.com](http://www.abbvieinvestor.com)), which Web site will be operational as of January 1, 2013.

**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

Before the separation, all of the outstanding shares of AbbVie's common stock will be owned beneficially and of record by Abbott. Following the distribution, AbbVie expects to have outstanding an aggregate of approximately 1.58 billion shares of common stock based upon approximately 1.58 billion Abbott common shares outstanding on November 1, 2012, excluding treasury shares and assuming no exercise of Abbott options, and applying the distribution ratio.

**Security Ownership of Certain Beneficial Owners**

The following table reports the number of shares of AbbVie common stock beneficially owned, immediately following the completion of the separation calculated as of November 1, 2012, based upon the distribution of one share of AbbVie's common stock for each common share of Abbott, by BlackRock, Inc. (directly or indirectly through its subsidiaries), the only person known to AbbVie who would beneficially own more than 5% of AbbVie's outstanding common stock. It is based on information contained in a Schedule 13G filed by BlackRock, Inc. with the SEC on February 9, 2012. BlackRock, Inc. reports it has sole voting and investment power with respect to these shares.

Name and Address of Beneficial Owner	Shares Beneficially Owned	Percent of Class
BlackRock, Inc. 40 East 52nd Street New York, NY 10022	82,921,627	5.32%

**Security Ownership of Executive Officers and Directors**

The following table sets forth information, immediately following the completion of the separation calculated as of November 1, 2012, based upon the distribution of one share of AbbVie's common stock for each common share of Abbott, regarding (1) each expected director and named executive officer of AbbVie and (2) all of AbbVie's expected directors and executive officers as a group.

Name	Shares Beneficially Owned (1)(2)(3)	Stock Options Currently Exercisable and Exercisable within 60 days of November 1, 2012	Stock Equivalent Units
R. A. Gonzalez	49,432	0	0
R. J. Alpern, M.D.	8,559	0	2,284
R. S. Austin	23,066	0	0
W. H. L. Burnside	0	0	0
E. M. Liddy	5,121	0	5,331
E. J. Rapp	0	0	0
R. S. Roberts	20,000	0	0
G. F. Tilton	19,556	0	12,852
F. H. Waddell	0	0	0
L. J. Schumacher	148,583	264,865	0
W. J. Chase	45,849	74,192	0
C. Alban	117,675	146,634	0
J. M. Leonard	93,198	220,933	0
All directors and executive officers as a group (15 persons) (4)(5)	576,731	742,647	20,467

- (1) The table includes shares held in the officers' accounts in a tax-qualified defined contribution retirement plan as follows: J. M. Leonard, 6,421; and all executive officers as a group, 8,052. Each officer has shared voting power and sole investment power with respect to the shares held in his or her account.
- (2) The table includes 20,749 restricted stock units held by the executive officers as a group. The officers do not have sole voting and investment power until the restrictions lapse. The table also includes restricted stock units held by the non-employee directors. The directors' units are payable in stock upon termination, retirement from the board, death, or a change in control of AbbVie as follows: R. J. Alpern, 8,559; R. S. Austin, 16,222; E. M. Liddy, 3,986; and G. F. Tilton, 12,206.
- (3) The table includes shared voting and/or investment power over shares as follows: G. F. Tilton, 350; W. J. Chase, 12,329; and all directors and executive officers as a group, 12,789.
- (4) Certain executive officers of AbbVie will be fiduciaries of several employee benefit trusts to be maintained by AbbVie. As such, they will have shared voting and/or investment power with respect to the common shares held by those trusts. The table does not include the shares held by the trusts.
- (5) Excluding the shared voting and/or investment power over the shares held by the trusts described in footnote 4, the expected directors and executive officers as a group together own less than one percent of the outstanding shares of AbbVie.

**Background**

On October 19, 2011, Abbott announced that it intended to separate its research-based pharmaceuticals business, including its portfolio of proprietary pharmaceuticals and biologics, from its diversified medical products businesses, including its devices, diagnostic, nutritional and branded generic pharmaceuticals businesses. Abbott announced that it intended to effect the separation through a pro rata distribution of the common stock of a new entity, which has since been named AbbVie and was formed to hold the assets and liabilities associated with the research-based pharmaceuticals business.

On November 28, 2012, the Abbott board of directors approved the distribution of the issued and outstanding shares of AbbVie common stock on the basis of one share of AbbVie's common stock for each Abbott common share held as of the close of business on the record date of December 12, 2012.

On January 1, 2013, the distribution date, each Abbott shareholder will receive one share of AbbVie's common stock for each Abbott common share held at the close of business on the record date, as described below. Abbott shareholders will receive cash in lieu of any fractional shares of AbbVie common stock which they would have received after application of this ratio. You will not be required to make any payment, surrender or exchange your Abbott common shares or take any other action to receive your shares of AbbVie's common stock in the distribution. The distribution of AbbVie's common stock as described in this information statement is subject to the satisfaction or waiver of certain conditions. For a more detailed description of these conditions, see this section under "—Conditions to the Distribution."

**Reasons for the Separation**

The Abbott board of directors determined that the separation of Abbott's research-based pharmaceuticals business from its diversified medical products businesses would be in the best interests of Abbott and its shareholders and approved the plan of separation. A wide variety of factors were considered by the Abbott board of directors in evaluating the separation. Among other things, the Abbott board of directors considered the following potential benefits of the separation:

- *Distinct investment identity*—The investment identities of Abbott and AbbVie have evolved independently over time. The separation will allow investors to separately value Abbott and AbbVie based on their distinct investment identities. AbbVie's business differs from Abbott's diversified medical products businesses in several respects, such as product development cycles, R&D capabilities, commercial call points and manufacturing processes. In addition, AbbVie's business has been a steady generator of cash flow but is expected to grow at a slower rate than Abbott's diversified medical products businesses. The separation will enable investors to evaluate the merits, performance and future prospects of each company's respective business and to invest in each company separately based on these distinct characteristics.
- *Enhanced strategic and management focus*—The separation will allow each business to more effectively pursue its distinct operating priorities and strategies and enable management of both companies to focus on unique opportunities for long-term growth and profitability. For example, whereas Abbott may seek to enhance focus on promoting different products in different emerging markets, AbbVie, as a research-based pharmaceuticals business, may seek to make investments in the research and development of new and innovative products.
- *More efficient allocation of capital*—The separation will permit each company to concentrate its financial resources solely on its own operations without having to compete with each other for investment capital. This will provide each company with greater flexibility to invest capital in its

businesses in a time and manner appropriate for its distinct strategy and business needs and facilitate a more efficient allocation of capital.

- *Direct access to capital markets*—The separation will create an independent equity structure that will afford AbbVie direct access to the capital markets and will facilitate AbbVie's ability to effect future acquisitions utilizing AbbVie's common stock. As a result, each company will have more flexibility to capitalize on its unique growth opportunities.

Neither AbbVie nor Abbott can assure you that, following the separation, any of the benefits described above or otherwise will be realized to the extent anticipated or at all.

The Abbott board of directors also considered a number of potentially negative factors in evaluating the separation, including the following:

- *Loss of synergies and joint purchasing power and increased costs.* As a current part of Abbott, AbbVie takes advantage of Abbott's size and purchasing power in procuring certain goods and services. After the separation, as a separate, independent entity, AbbVie may be unable to obtain these goods, services, and technologies at prices or on terms as favorable as those Abbott obtained prior to the separation. AbbVie may also incur costs for certain functions previously performed by Abbott, such as accounting, tax, legal, human resources, and other general and administrative functions, that are higher than the amounts reflected in AbbVie's historical financial statements, which could cause AbbVie's profitability to decrease.
- *Disruptions to the business as a result of the separation.* The actions required to separate Abbott's and AbbVie's respective businesses could disrupt AbbVie's operations.
- *Increased significance of certain costs and liabilities.* Certain costs and liabilities that were otherwise less significant to Abbott as a whole will be more significant for AbbVie as a stand-alone company.
- *One-time costs of the separation.* AbbVie will incur costs in connection with the transition to being a stand-alone public company that may include accounting, tax, legal, and other professional services costs, recruiting and relocation costs associated with hiring key senior management personnel new to AbbVie, costs related to establishing a new brand identity in the marketplace, and costs to separate information systems.
- *Inability to realize anticipated benefits of the separation.* AbbVie may not achieve the anticipated benefits of the separation for a variety of reasons, including, among others: (a) the separation will require significant amounts of management's time and effort, which may divert management's attention from operating and growing AbbVie's business; (b) following the separation, AbbVie may be more susceptible to market fluctuations and other adverse events than if it were still a part of Abbott; and (c) following the separation, AbbVie's business will be less diversified than Abbott's business prior to the separation.
- *Limitations placed upon AbbVie as a result of the tax sharing agreement.* To preserve the tax-free treatment to Abbott of the separation and the distribution, under the tax sharing agreement that AbbVie will enter into with Abbott, AbbVie will be restricted from taking any action that prevents the distribution and related transactions from being tax-free for U.S. federal income tax purposes. These restrictions may limit AbbVie's ability to pursue certain strategic transactions or engage in other transactions that might increase the value of its business.

The Abbott board of directors concluded that the potential benefits of the separation outweighed these factors.



**Formation of a New Company Prior to AbbVie's Distribution**

AbbVie was formed in Delaware on April 10, 2012, for the purpose of holding Abbott's research-based pharmaceuticals business. As part of the plan to separate the research-based pharmaceuticals business of Abbott from the remainder of its businesses, Abbott plans to transfer the equity interests of certain entities that operate the research-based pharmaceuticals business and other assets and liabilities of the research-based pharmaceuticals business to AbbVie prior to the distribution.

**When and How You Will Receive the Distribution**

With the assistance of Computershare Trust Company, N.A., AbbVie expects to distribute AbbVie common stock on January 1, 2013, the distribution date, to all holders of outstanding Abbott common shares as of the close of business on December 12, 2012, the record date. Computershare Trust Company, N.A., which currently serves as the transfer agent and registrar for Abbott's common shares, will serve as the settlement and distribution agent in connection with the distribution and the transfer agent and registrar for AbbVie common stock.

If you own Abbott common shares as of the close of business on the record date, AbbVie's common stock that you are entitled to receive in the distribution will be issued electronically, as of the distribution date, to you in direct registration form or to your bank or brokerage firm on your behalf. If you are a registered holder, Computershare Trust Company, N.A. will then mail you a direct registration account statement that reflects your shares of AbbVie common stock. If you hold your shares through a bank or brokerage firm, your bank or brokerage firm will credit your account for the shares. If you own Abbott common shares through the Abbott Laboratories dividend reinvestment plan, the AbbVie shares you receive will be distributed to a new AbbVie dividend reinvestment plan account that will be created for you. Direct registration form refers to a method of recording share ownership when no physical share certificates are issued to shareholders, as is the case in this distribution. Following the distribution, however, you may request the delivery of physical stock certificates for your AbbVie shares. If you sell Abbott common shares in the "regular-way" market up to and including the distribution date, you will be selling your right to receive shares of AbbVie common stock in the distribution.

Commencing on or shortly after the distribution date, if you hold physical share certificates that represent your Abbott common shares and you are the registered holder of the shares represented by those certificates, the distribution agent will mail to you an account statement that indicates the number of shares of AbbVie's common stock that have been registered in book-entry form in your name.

Most Abbott shareholders hold their common shares through a bank or brokerage firm. In such cases, the bank or brokerage firm would be said to hold the shares in "street name" and ownership would be recorded on the bank or brokerage firm's books. If you hold your Abbott common shares through a bank or brokerage firm, your bank or brokerage firm will credit your account for the AbbVie common stock that you are entitled to receive in the distribution. If you have any questions concerning the mechanics of having shares held in "street name," please contact your bank or brokerage firm.

Following the distribution, you may request that physical stock certificates be sent to you, at any time and without charge, by contacting Computershare Trust Company, N.A. by telephone at 877-881-5970, on the Internet at [www.computershare.com/investor](http://www.computershare.com/investor) or by sending a written request to Computershare, 250 Royall Street, Canton, MA 02021.

**Transferability of Shares You Receive**

Shares of AbbVie common stock distributed to holders in connection with the distribution will be transferable without registration under the U.S. Securities Act of 1933, as amended, or the Securities

Act, except for shares received by persons who may be deemed to be AbbVie affiliates. Persons who may be deemed to be AbbVie affiliates after the distribution generally include individuals or entities that control, are controlled by or are under common control with AbbVie, which may include certain AbbVie executive officers, directors or principal stockholders. Securities held by AbbVie affiliates will be subject to resale restrictions under the Securities Act. AbbVie affiliates will be permitted to sell shares of AbbVie common stock only pursuant to an effective registration statement or an exemption from the registration requirements of the Securities Act, such as the exemption afforded by Rule 144 under the Securities Act.

#### **The Number of Shares of AbbVie Common Stock You Will Receive**

For each Abbott common share that you own at the close of business on December 12, 2012, the record date, you will receive one share of AbbVie common stock on the distribution date. Abbott will not distribute any fractional shares of AbbVie common stock to its shareholders. Instead, if you are a registered holder, Computershare Trust Company, N.A. will aggregate fractional shares into whole shares, sell the whole shares in the open market at prevailing market prices and distribute the aggregate cash proceeds (net of discounts and commissions) of the sales pro rata (based on the fractional share such holder would otherwise be entitled to receive) to each holder who otherwise would have been entitled to receive a fractional share in the distribution. The transfer agent, in its sole discretion, without any influence by Abbott or AbbVie, will determine when, how, through which broker-dealer and at what price to sell the whole shares. Any broker-dealer used by the transfer agent will not be an affiliate of either Abbott or AbbVie. Neither AbbVie nor Abbott will be able to guarantee any minimum sale price in connection with the sale of these shares. Recipients of cash in lieu of fractional shares will not be entitled to any interest on the amounts of payment made in lieu of fractional shares.

The aggregate net cash proceeds of these sales will be taxable for U.S. federal income tax purposes. See "Material U.S. Federal Income Tax Consequences" for an explanation of the material U.S. federal income tax consequences of the distribution. If you hold physical certificates for Abbott common shares and are the registered holder, you will receive a check from the distribution agent in an amount equal to your pro rata share of the aggregate net cash proceeds of the sales. AbbVie estimates that it will take approximately two weeks from the distribution date for the distribution agent to complete the distributions of the aggregate net cash proceeds. If you hold your Abbott common shares through a bank or brokerage firm, your bank or brokerage firm will receive, on your behalf, your pro rata share of the aggregate net cash proceeds of the sales and will electronically credit your account for your share of such proceeds.

#### **Results of the Distribution**

After its separation from Abbott, AbbVie will be an independent, publicly traded company. The actual number of shares to be distributed will be determined at the close of business on December 12, 2012, the record date for the distribution, and will reflect any exercise of Abbott options between the date the Abbott board of directors declares the distribution and the record date for the distribution. The distribution will not affect the number of outstanding Abbott common shares or any rights of Abbott's shareholders. Abbott will not distribute any fractional shares of AbbVie common stock.

AbbVie has entered into a separation agreement with Abbott and will enter into other agreements with Abbott before the distribution to effect the separation and provide a framework for AbbVie's relationship with Abbott after the separation. These agreements will provide for the allocation between Abbott and AbbVie of Abbott's assets, liabilities and obligations (including employee benefits, intellectual property, and tax-related assets and liabilities) attributable to periods prior to AbbVie's separation from Abbott and will govern the relationship between Abbott and AbbVie after the

separation. For a more detailed description of these agreements, see "Certain Relationships and Related Person Transactions."

#### **Market for AbbVie Common Stock**

There is currently no public trading market for AbbVie's common stock. AbbVie has been authorized to have its common stock listed on the NYSE under the symbol "ABBV." AbbVie has not and will not set the initial price of its common stock. The initial price will be established by the public markets. AbbVie also intends to list its common stock on the Chicago Stock Exchange, NYSE Euronext Paris, and the SIX Swiss Exchange.

AbbVie cannot predict the price at which its common stock will trade after the distribution. In fact, the combined trading prices, after the separation, of the shares of AbbVie common stock that each Abbott shareholder will receive in the distribution and the Abbott common shares held at the record date may not equal the "regular-way" trading price of an Abbott share immediately prior to the separation. The price at which AbbVie common stock trades may fluctuate significantly, particularly until an orderly public market develops. Trading prices for AbbVie common stock will be determined in the public markets and may be influenced by many factors. See "Risk Factors—Risks Related to AbbVie's Common Stock."

#### **Trading Between the Record Date and Distribution Date**

Beginning on or shortly before the record date and continuing up to and including through the distribution date, Abbott expects that there will be two markets in Abbott common shares: a "regular-way" market and an "ex-distribution" market. Abbott common shares that trade on the "regular-way" market will trade with an entitlement to AbbVie common shares distributed pursuant to the separation. Abbott common shares that trade on the "ex-distribution" market will trade without an entitlement to AbbVie common stock distributed pursuant to the distribution. Therefore, if you sell Abbott common shares in the "regular-way" market up to and including through the distribution date, you will be selling your right to receive AbbVie common stock in the distribution. If you own Abbott common shares at the close of business on the record date and sell those shares on the "ex-distribution" market up to and including through the distribution date, you will receive the shares of AbbVie common stock that you are entitled to receive pursuant to your ownership as of the record date of the Abbott common shares.

Furthermore, beginning on or shortly before the record date and continuing up to and including the distribution date, AbbVie expects that there will be a "when-issued" market in its common stock. "When-issued" trading refers to a sale or purchase made conditionally because the security has been authorized but not yet issued. The "when-issued" trading market will be a market for AbbVie common stock that will be distributed to holders of Abbott common shares on the distribution date. If you owned Abbott common shares at the close of business on the record date, you would be entitled to AbbVie common stock distributed pursuant to the distribution. You may trade this entitlement to shares of AbbVie common stock, without the Abbott common shares you own, on the "when-issued" market. On the first trading day following the distribution date, "when-issued" trading with respect to AbbVie common stock will end, and "regular-way" trading will begin.

#### **Conditions to the Distribution**

AbbVie has announced that the distribution will be effective at 12:01 a.m. Eastern time, on January 1, 2013, which is the distribution date, provided that the following conditions shall have been satisfied (or waived by Abbott in its sole discretion):

- the making of a \$10.2 billion cash distribution (as described in "Certain Relationships and Related Person Transactions—The Separation Agreement—The Cash Distribution") from

AbbVie to Abbott prior to the distribution (in addition to the approximately \$3.0 billion in principal amount of certain senior notes issued by AbbVie to Abbott, which notes were thereafter immediately exchanged by Abbott with a third party for existing commercial paper of Abbott in satisfaction and discharge of such commercial paper) and the determination by Abbott in its sole discretion that following the separation it will have no further liability or obligation whatsoever under the credit facility or any of the other financing arrangements that AbbVie will be entering into in connection with the separation;

- the transfer of assets and liabilities to AbbVie in accordance with the separation agreement has been completed, other than assets and liabilities intended to transfer after the distribution;
- the receipt of a private letter ruling from the IRS to the effect that, among other things, the distribution will qualify as a transaction that is tax-free for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Code and certain transactions related to the transfer of assets and liabilities to AbbVie in connection with the separation will not result in the recognition of any gain or loss to Abbott, AbbVie or their shareholders, and such private letter ruling shall not have been revoked or modified in any material respect, and the receipt of an opinion from Abbott's outside tax counsel to the effect that the separation and distribution will qualify as a transaction that is described in Sections 355(a) and 368(a)(1)(D) of the Code;
- the receipt of an opinion from an independent appraisal firm confirming the solvency and financial viability of Abbott before the distribution and each of Abbott and AbbVie after the distribution that is in form and substance acceptable to Abbott in its sole discretion;
- the SEC declaring effective AbbVie's registration statement on Form 10, of which this information statement forms a part, and the mailing of this information statement to Abbott shareholders;
- all actions and filings necessary or appropriate under applicable U.S. federal, U.S. state or other securities laws shall have been taken and, where applicable, have become effective or been accepted by the applicable governmental authority;
- the transaction agreements relating to the separation shall have been duly executed and delivered by the parties;
- no order, injunction, or decree issued by any court of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the separation, distribution or any of the related transactions shall be in effect;
- the shares of AbbVie common stock to be distributed shall have been accepted for listing on the NYSE subject to official notice of distribution; and
- no event or development shall have occurred or exist that, in the judgment of Abbott's board of directors, in its sole discretion, makes it inadvisable to effect the separation, the distribution and other related transactions.

Abbott will have the sole and absolute discretion to determine (and change) the terms of, and whether to proceed with, the distribution and, to the extent it determines to so proceed, to determine the record date and the distribution date and the distribution ratio. Abbott does not intend to notify its shareholders of any modifications to the terms of the separation that, in the judgment of its board of directors, are not material. For example, the Abbott board of directors might consider material such matters as significant changes to the distribution ratio, the assets to be contributed or the liabilities to be assumed in the separation. To the extent that the Abbott board of directors determines that any modifications by Abbott materially change the material terms of the distribution, Abbott will notify Abbott shareholders in a manner reasonably calculated to inform them about the modification as may be required by law, by, for example, publishing a press release, filing a current report on Form 8-K, or circulating a supplement to this information statement.

## MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES

The following is a summary of material U.S. federal income tax consequences of the contribution by Abbott of assets of the research-based pharmaceuticals business to AbbVie and the distribution by Abbott of all of AbbVie's outstanding common stock to its shareholders. This summary is based on the Internal Revenue Code of 1986, as amended (the Code), U.S. Treasury regulations promulgated thereunder and on judicial and administrative interpretations of the Code and the U.S. Treasury regulations, all as in effect on the date of this information statement, and is subject to changes in these or other governing authorities, any of which may have a retroactive effect. This summary assumes that the separation and the distribution will be consummated in accordance with the separation agreement and as described in this information statement. This summary does not purport to be a complete description of all U.S. federal income tax consequences of the separation and the distribution nor does it address the effects of any state, local or foreign tax laws or U.S. federal tax laws other than those relating to income taxes on the separation and the distribution. The tax treatment of an Abbott shareholder may vary depending upon that shareholder's particular situation, and certain shareholders (including, but not limited to, insurance companies, tax-exempt organizations, financial institutions, broker-dealers, partners in partnerships that hold common shares in Abbott, pass-through entities, traders in securities who elect to apply a mark-to-market method of accounting, shareholders who hold their Abbott common shares as part of a "hedge," "straddle," "conversion," "synthetic security," "integrated investment" or "constructive sale transaction," individuals who received Abbott common shares upon the exercise of employee stock options or otherwise as compensation, and shareholders who are subject to alternative minimum tax) may be subject to special rules not discussed below. In addition, this summary addresses the U.S. federal income tax consequences to an Abbott shareholder who, for U.S. federal income tax purposes, is a U.S. person and not to an Abbott shareholder who is a non-resident alien individual, a foreign corporation, a foreign partnership, or a foreign trust or estate. Finally, this summary does not address the U.S. federal income tax consequences to those Abbott shareholders who do not hold their Abbott common shares as capital assets within the meaning of Section 1221 of the Code.

Each shareholder is urged to consult the shareholder's tax advisor as to the specific tax consequences of the distribution to that shareholder, including the effect of any U.S. federal, state or local or foreign tax laws and of changes in applicable tax laws.

Abbott has received a private letter ruling from the IRS to the effect that, among other things, the separation and the distribution will qualify as a reorganization for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Code. It is a condition to the distribution that the private letter ruling not be revoked or modified in any material respect. Such ruling is based on, among other things, certain assumptions as well as on the accuracy, correctness and completeness of certain representations and statements that Abbott and AbbVie made to the IRS. In rendering the ruling, the IRS also relied on certain covenants that Abbott and AbbVie enter into, including the adherence by Abbott and AbbVie to certain restrictions on future actions. Although a private letter ruling from the IRS is generally binding on the IRS, if any of the assumptions, representations or statements that Abbott and AbbVie made are, or become, inaccurate, incorrect or incomplete, or if Abbott or AbbVie breach any of their covenants, the separation and the distribution might not qualify as a reorganization for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Code. For these reasons, notwithstanding receipt by Abbott of the private letter ruling, the IRS could assert successfully that the distribution was taxable. In that event, the consequences described in the ruling would not apply and both Abbott and holders of Abbott common shares who received shares of AbbVie common stock in the distribution could be subject to significant U.S. federal income tax liability.

Under the private letter ruling from the IRS, the separation and the distribution will qualify as a reorganization for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Code,

and accordingly, the following will describe the material U.S. federal income tax consequences to Abbott, AbbVie and Abbott shareholders of the separation and the distribution:

- subject to the discussion below regarding Section 355(e) of the Code, neither AbbVie nor Abbott will recognize any gain or loss upon the separation and the distribution of AbbVie common stock and no amount will be includable in the income of Abbott or AbbVie as a result of the separation and the distribution other than taxable income or gain possibly arising out of internal reorganizations undertaken in connection with the separation and distribution and with respect to any items required to be taken into account under U.S. Treasury regulations relating to consolidated federal income tax returns;
- an Abbott shareholder will not recognize any gain or loss and no amount will be includable in income as a result of the receipt of AbbVie common stock pursuant to the distribution, except with respect to any cash received in lieu of fractional shares of AbbVie common stock (as described below);
- an Abbott shareholder's aggregate tax basis in such shareholder's Abbott common shares following the distribution and in AbbVie common stock received in the distribution (including any fractional share interest in AbbVie common stock for which cash is received) will equal such shareholder's tax basis in its Abbott common shares immediately before the distribution, allocated between the Abbott common shares and AbbVie common stock (including any fractional share interest in AbbVie common stock for which cash is received) in proportion to their fair market values on the distribution date;
- an Abbott shareholder's holding period for AbbVie common stock received in the distribution (including any fractional share interest in AbbVie common stock for which cash is received) will include the holding period for that shareholder's Abbott common shares; and
- an Abbott shareholder who receives cash in lieu of a fractional share of AbbVie common stock in the distribution will be treated as having sold such fractional share for cash, and will recognize capital gain or loss in an amount equal to the difference between the amount of cash received and the Abbott shareholder's adjusted tax basis in the fractional share. That gain or loss will be long-term capital gain or loss if the shareholder's holding period for its Abbott common shares exceeds one year at the time of the distribution.

U.S. Treasury regulations provide that if an Abbott shareholder holds different blocks of Abbott common shares (generally Abbott common shares purchased or acquired on different dates or at different prices), the aggregate basis for each block of Abbott common shares purchased or acquired on the same date and at the same price will be allocated, to the greatest extent possible, between the shares of AbbVie common stock received in the distribution in respect of such block of Abbott common shares and such block of Abbott common shares, in proportion to their respective fair market values on the distribution date. The holding period of the shares of AbbVie common stock received in the distribution in respect of such block of Abbott common shares will include the holding period of such block of Abbott common shares. If an Abbott shareholder is not able to identify which particular shares of AbbVie common stock are received in the distribution with respect to a particular block of Abbott common shares, for purposes of applying the rules described above, the stockholder may designate which shares of AbbVie common stock are received in the distribution in respect of a particular block of Abbott common shares, provided that such designation is consistent with the terms of the distribution. Abbott shareholders are urged to consult their own tax advisors regarding the application of these rules to their particular circumstances.

U.S. Treasury regulations also require certain Abbott shareholders who receive AbbVie common stock in the distribution to attach to the shareholder's U.S. federal income tax return for the year in

which the stock is received a detailed statement setting forth certain information relating to the tax-free nature of the distribution.

Even if the distribution otherwise qualifies as tax-free for U.S. federal income tax purposes under Section 355 of the Code, it could be taxable to Abbott (but not Abbott's shareholders) under Section 355(e) of the Code if the distribution were later deemed to be part of a plan (or series of related transactions) pursuant to which one or more persons acquire, directly or indirectly, stock representing a 50 percent or greater interest by vote or value, in Abbott or AbbVie. For this purpose, any acquisitions of Abbott common shares or AbbVie common stock within the period beginning two years before the distribution and ending two years after the distribution are presumed to be part of such a plan, although Abbott or AbbVie may be able to rebut that presumption.

Payments of cash to holders of Abbott common shares in lieu of fractional shares may be subject to information reporting and backup withholding at a rate of 28 percent, unless a shareholder provides proof of an applicable exemption or a correct taxpayer identification number and otherwise complies with the requirements of the backup withholding rules. Backup withholding does not constitute an additional tax. Amounts withheld as backup withholding may be refunded or credited against a shareholder's U.S. federal income tax liability, provided that the required information is timely supplied to the IRS.

In connection with the distribution, AbbVie and Abbott will enter into a tax sharing agreement pursuant to which AbbVie will agree to be responsible for certain tax liabilities and obligations following the distribution. For a description of the tax sharing agreement, see "Certain Relationships and Related Person Transactions—Tax Sharing Agreement."

**The foregoing is a summary of material U.S. federal income tax consequences of the separation and the distribution under current law and particular circumstances. The foregoing does not purport to address all U.S. federal income tax consequences or tax consequences that may arise under the tax laws of other jurisdictions or that may apply to particular categories of shareholders. Each Abbott shareholder should consult its own tax advisor as to the particular tax consequences of the distribution to such shareholder, including the application of U.S. federal, state or local and foreign tax laws, and the effect of possible changes in tax laws that may affect the tax consequences described above.**

## DESCRIPTION OF MATERIAL INDEBTEDNESS

In July 2012, AbbVie and Abbott entered into a \$2.0 billion unsecured 5-year revolving credit facility, which AbbVie intends to use to support commercial paper borrowing arrangements. In July 2012, AbbVie also entered into a \$7.5 billion unsecured 364-day bridge loan facility, which was guaranteed by Abbott. As of the date of this information statement, the bridge loan facility has been terminated. In November 2012, AbbVie issued \$14.7 billion aggregate principal amount of senior notes, which were offered and sold to qualified institutional buyers in reliance on Rule 144A under the Securities Act and to non-U.S. persons in reliance on Regulation S under the Securities Act. Approximately \$3.0 billion of these senior notes were issued to Abbott as partial consideration for the transfer of assets from Abbott to AbbVie. AbbVie used part of the net proceeds from the sale of senior notes (other than the senior notes issued to Abbott) to finance the payment of a \$10.2 billion distribution to Abbott, as provided by the terms of the separation agreement. AbbVie intends to use the remaining proceeds to pay related fees and expenses and for general corporate purposes. Abbott has used the proceeds it received from AbbVie, in part, to fund its cash tender offers for certain of Abbott's outstanding notes. AbbVie's debt balance at the time of the separation was determined based on internal capital planning and considered the following factors and assumptions: anticipated business plan, optimal debt levels, operating activities, general economic contingencies, investment grade credit rating, and desired financing capacity.

### Senior Notes

The following is a description of the material terms of the senior notes, which description is qualified in its entirety by reference to the full text of the indenture, the supplemental indenture and the registration rights agreement, which are incorporated by reference into this information statement.

In November 2012, AbbVie issued \$14.7 billion aggregate principal amount of senior notes consisting of the following series:

- \$3.5 billion aggregate principal amount of 1.200% senior notes due 2015 (the Fixed 2015 Notes);
- \$4.0 billion aggregate principal amount of 1.750% senior notes due 2017 (the 2017 Notes);
- \$1.0 billion aggregate principal amount of 2.000% senior notes due 2018 (the 2018 Notes);
- \$3.1 billion aggregate principal amount of 2.900% senior notes due 2022 (the 2022 Notes);
- \$2.6 billion aggregate principal amount of 4.400% senior notes due 2042 (the 2042 Notes); and
- \$0.5 billion aggregate principal amount of floating rate senior notes due 2015 (the Floating 2015 Notes).

The senior notes are AbbVie's unsecured, unsubordinated obligations. Abbott has guaranteed each series of senior notes on an unsecured, unsubordinated basis. Abbott's guarantee of each series of senior notes will terminate and be released upon the distribution of shares of AbbVie common stock to shareholders of Abbott.

AbbVie offered and sold the senior notes, except for approximately \$3.0 billion in aggregate principal amount of 2022 Notes, in a private placement to qualified institutional buyers pursuant to Rule 144A under the Securities Act and non-U.S. persons pursuant to Regulation S under the Securities Act. AbbVie issued approximately \$3.0 billion in aggregate principal amount of 2022 Notes to Abbott as partial consideration for the transfer of assets from Abbott to AbbVie and not for cash. Abbott then exchanged these 2022 Notes with Morgan Stanley & Co. LLC (Morgan Stanley) in satisfaction and discharge of commercial paper that was previously issued by Abbott to Morgan Stanley, and Morgan Stanley offered and sold such 2022 Notes in the private placement.



AbbVie may redeem all of the senior notes of each series, other than the Floating 2015 Notes, at any time, and some of the senior notes of each series, other than the Floating 2015 Notes, from time to time, at a redemption price equal to the principal amount of the senior notes redeemed plus a make-whole premium. AbbVie may not redeem the Floating 2015 Notes prior to maturity.

The senior notes are governed by an indenture dated as of November 8, 2012 between AbbVie and U.S. Bank National Association, as trustee, as supplemented by a supplemental indenture dated November 8, 2012. Subject to certain qualifications and exceptions, this indenture limits AbbVie's ability and the ability of certain of AbbVie's subsidiaries to incur mortgages with respect to principal domestic properties and to enter into sale and leaseback transactions with respect to principal domestic properties, and limits AbbVie's ability to merge or consolidate with any other entity or convey, transfer or lease AbbVie's properties and assets substantially as an entirety.

The indenture also provides for certain events of default (subject, in certain cases, to receipt of notice of default and/or customary grace or cure periods), including, but not limited to, (i) failure to pay interest for 30 days, (ii) failure to pay principal when due, (iii) failure to perform, or breach of, any other covenant in the indenture for 90 days after notice is given by the trustee or the holders of 25% of the outstanding principal amount and (iv) certain specified events of bankruptcy, insolvency or reorganization of AbbVie.

In connection with the issuance of the senior notes, AbbVie and Abbott agreed with the initial purchasers under a registration rights agreement to (i) file a registration statement on an appropriate registration form with respect to a registered offer to exchange the senior notes for new notes, with terms substantially identical in all material respects to the senior notes and (ii) cause the registration statement to be declared effective under the Securities Act. If the exchange of the senior notes for registered notes is not completed on or before November 4, 2013, AbbVie will use its reasonable best efforts to file and to have declared effective a shelf registration statement relating to the resales of the senior notes.

#### **Revolving Credit and Bridge Loan Facilities**

In July 2012, AbbVie and Abbott entered into a \$2.0 billion unsecured 5-year revolving credit facility. Bank of America, N.A. is the administrative agent. Morgan Stanley Senior Funding, Inc., Barclays Bank PLC and JPMorgan Chase Bank, N.A. acted as syndication agents, and Morgan Stanley Senior Funding, Inc., Barclays Bank PLC, J.P. Morgan Securities LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated acted as joint lead arrangers and joint bookrunners. Upon the distribution of shares of AbbVie common stock to Abbott shareholders and subject to the satisfaction of certain conditions, Abbott will be relieved of all obligations under the revolving credit facility, and AbbVie will become solely obligated to satisfy any payments and other obligations under the revolving credit facility. No amounts are currently outstanding under the revolving credit facility, and AbbVie does not expect to borrow under the facility unless other sources of financing are insufficient or unavailable. AbbVie intends the revolving credit facility to support commercial paper borrowing arrangements.

In July 2012, AbbVie entered into a \$7.5 billion unsecured 364-day bridge loan facility. The bridge loan facility was guaranteed by Abbott. Morgan Stanley Senior Funding, Inc. was the administrative agent. Bank of America, N.A., Barclays Bank PLC and JPMorgan Chase Bank, N.A. acted as syndication agents, and Morgan Stanley Senior Funding, Inc., Barclays Bank PLC, J.P. Morgan Securities LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated acted as joint lead arrangers and joint bookrunners. As of the date of this information statement, all commitments under the bridge loan facility have been permanently terminated, and Abbott has been relieved of all obligations under its guarantee of the bridge loan facility.

## DESCRIPTION OF ABBVIE'S CAPITAL STOCK

*AbbVie's certificate of incorporation and by-laws will be amended and restated prior to the separation. The following is a summary of the material terms of AbbVie's capital stock that will be contained in the amended and restated certificate of incorporation and by-laws. The summaries and descriptions below do not purport to be complete statements of the relevant provisions of the certificate of incorporation or of the by-laws to be in effect at the time of the distribution. The summary is qualified in its entirety by reference to these documents, which you must read (along with the applicable provisions of Delaware law) for complete information on AbbVie's capital stock as of the time of the distribution. The certificate of incorporation and by-laws to be in effect at the time of the distribution will be included as exhibits to AbbVie's registration statement on Form 10, of which this information statement forms a part.*

### General

AbbVie's authorized capital stock consists of four (4) billion shares of common stock, par value \$0.01 per share, and 200 million shares of preferred stock, par value \$0.01 per share, all of which shares of preferred stock are undesignated. AbbVie's board of directors may establish the rights and preferences of the preferred stock from time to time. Immediately following the distribution, AbbVie expects that approximately 1.58 billion shares of its common stock will be issued and outstanding and that no shares of preferred stock will be issued and outstanding.

### Common Stock

Each holder of AbbVie common stock will be entitled to one vote for each share on all matters to be voted upon by the common stockholders, and there will be no cumulative voting rights. Subject to any preferential rights of any outstanding preferred stock, holders of AbbVie common stock will be entitled to receive ratably the dividends, if any, as may be declared from time to time by its board of directors out of funds legally available for that purpose. If there is a liquidation, dissolution or winding up of AbbVie, holders of its common stock would be entitled to ratable distribution of its assets remaining after the payment in full of liabilities and any preferential rights of any then outstanding preferred stock.

Holders of AbbVie common stock will have no preemptive or conversion rights or other subscription rights, and there are no redemption or sinking fund provisions applicable to the common stock. After the distribution, all outstanding shares of AbbVie common stock will be fully paid and non-assessable. The rights, preferences and privileges of the holders of AbbVie common stock are subject to, and may be adversely affected by, the rights of the holders of shares of any series of preferred stock that AbbVie may designate and issue in the future.

### Preferred Stock

Under the terms of AbbVie's amended and restated certificate of incorporation, its board of directors will be authorized, subject to limitations prescribed by the Delaware General Corporation Law, or the DGCL, and by its amended and restated certificate of incorporation, to issue up to 200 million shares of preferred stock in one or more series without further action by the holders of its common stock. AbbVie's board of directors will have the discretion, subject to limitations prescribed by the DGCL and by AbbVie's amended and restated certificate of incorporation, to determine the rights, preferences, privileges and restrictions, including voting rights, dividend rights, conversion rights, redemption privileges and liquidation preferences, of each series of preferred stock.

## Anti-Takeover Effects of Various Provisions of Delaware Law and AbbVie's Amended and Restated Certificate of Incorporation and By-laws

Provisions of the DGCL and AbbVie's amended and restated certificate of incorporation and by-laws could make it more difficult to acquire AbbVie by means of a tender offer, a proxy contest or otherwise, or to remove incumbent officers and directors. These provisions, summarized below, are expected to discourage certain types of coercive takeover practices and takeover bids that its board of directors may consider inadequate and to encourage persons seeking to acquire control of the company to first negotiate with AbbVie's board of directors. AbbVie believes that the benefits of increased protection of its ability to negotiate with the proponent of an unfriendly or unsolicited proposal to acquire or restructure it outweigh the disadvantages of discouraging takeover or acquisition proposals because, among other things, negotiation of these proposals could result in an improvement of their terms.

*Delaware Anti-Takeover Statute.* AbbVie will be subject to Section 203 of the DGCL, an anti-takeover statute. In general, Section 203 of the DGCL prohibits a publicly-held Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a period of three years following the time the person became an interested stockholder, unless the business combination or the acquisition of shares that resulted in a stockholder becoming an interested stockholder is approved in a prescribed manner. Generally, a "business combination" includes a merger, asset or stock sale, or other transaction resulting in a financial benefit to the interested stockholder. Generally, an "interested stockholder" is a person who, together with affiliates and associates, owns (or within three years prior to the determination of interested stockholder status did own) 15 percent or more of a corporation's voting stock. The existence of this provision would be expected to have an anti-takeover effect with respect to transactions not approved in advance by AbbVie's board of directors, including discouraging attempts that might result in a premium over the market price for the shares of common stock held by AbbVie's stockholders.

*Classified Board.* AbbVie's amended and restated certificate of incorporation and amended and restated by-laws will provide that its board of directors will be divided into three classes. At the time of the separation, AbbVie's board of directors will be divided into three classes, each comprised of three directors. The three directors designated as Class I directors will have terms expiring at the first annual meeting of stockholders following the distribution, which AbbVie expects to hold in 2013. The three directors designated as Class II directors will have terms expiring at the following year's annual meeting of stockholders, which AbbVie expects to hold in 2014, and the three directors designated as Class III directors will have terms expiring at the following year's annual meeting of stockholders, which AbbVie expects to hold in 2015. Commencing with the first annual meeting of stockholders following the separation, directors for each class will be elected at the annual meeting of stockholders held in the year in which the term for that class expires and thereafter will serve for a term of three years. At any meeting of stockholders for the election of directors at which a quorum is present, the election will be determined by a majority of the votes cast by the stockholders entitled to vote in the election, with directors not receiving a majority of the votes cast required to tender their resignations for consideration by the board, except that in the case of a contested election, the election will be determined by a plurality of the votes cast by the stockholders entitled to vote in the election. Under the classified board provisions, it would take at least two elections of directors for any individual or group to gain control of AbbVie's board. Accordingly, these provisions could discourage a third party from initiating a proxy contest, making a tender offer or otherwise attempting to gain control of AbbVie.

*Removal of Directors.* AbbVie's amended and restated by-laws will provide that its stockholders may only remove its directors for cause.

*Amendments to Certificate of Incorporation.* AbbVie's amended and restated certificate of incorporation will provide that the affirmative vote of the holders of at least 80 percent of its voting stock then outstanding is required to amend certain provisions relating to the number, term and removal of its directors, the filling of its board vacancies, the calling of special meetings of stockholders, stockholder action by written consent, and director and officer indemnification.

*Amendments to By-Laws.* AbbVie's by-laws will provide that they may be amended by AbbVie's board of directors or by the affirmative vote of holders of a majority of AbbVie's voting stock then outstanding, except that the affirmative vote of holders of at least 80 percent of AbbVie's voting stock then outstanding is required to amend certain provisions relating to the number, term and removal of AbbVie's directors, the filling of its board vacancies, the calling of special meetings of stockholders, stockholder action by written consent, and director and officer indemnification.

*Size of Board and Vacancies.* AbbVie's amended and restated by-laws will provide that the number of directors on its board of directors will be fixed exclusively by its board of directors. Any vacancies created in its board of directors resulting from any increase in the authorized number of directors or the death, resignation, retirement, disqualification, removal from office or other cause will be filled by a majority of the board of directors then in office, even if less than a quorum is present, or by a sole remaining director. Any director appointed to fill a vacancy on AbbVie's board of directors will be appointed for a term expiring at the next election of the class for which such director has been appointed, and until his or her successor has been elected and qualified.

*Special Stockholder Meetings.* AbbVie's amended and restated certificate of incorporation will provide that only the chairman of its board of directors, its chief executive officer or its board of directors pursuant to a resolution adopted by a majority of the entire board of directors may call special meetings of AbbVie stockholders. Stockholders may not call special stockholder meetings.

*Stockholder Action by Written Consent.* AbbVie's amended and restated certificate of incorporation will expressly eliminate the right of its stockholders to act by written consent. Stockholder action must take place at the annual or a special meeting of AbbVie stockholders.

*Requirements for Advance Notification of Stockholder Nominations and Proposals.* AbbVie's amended and restated by-laws will establish advance notice procedures with respect to stockholder proposals and nomination of candidates for election as directors other than nominations made by or at the direction of its board of directors or a committee of its board of directors.

*No Cumulative Voting.* The DGCL provides that stockholders are denied the right to cumulate votes in the election of directors unless the company's certificate of incorporation provides otherwise. AbbVie's amended and restated certificate of incorporation will not provide for cumulative voting.

*Undesignated Preferred Stock.* The authority that AbbVie's board of directors will possess to issue preferred stock could potentially be used to discourage attempts by third parties to obtain control of AbbVie's company through a merger, tender offer, proxy contest or otherwise by making such attempts more difficult or more costly. AbbVie's board of directors may be able to issue preferred stock with voting rights or conversion rights that, if exercised, could adversely affect the voting power of the holders of common stock.

#### **Limitations on Liability, Indemnification of Officers and Directors, and Insurance**

The DGCL authorizes corporations to limit or eliminate the personal liability of directors to corporations and their stockholders for monetary damages for breaches of directors' fiduciary duties as directors, and AbbVie's amended and restated certificate of incorporation will include such an exculpation provision. AbbVie's amended and restated certificate of incorporation and by-laws will include provisions that indemnify, to the fullest extent allowable under the DGCL, the personal liability

of directors or officers for monetary damages for actions taken as a director or officer of AbbVie, or for serving at AbbVie's request as a director or officer or another position at another corporation or enterprise, as the case may be. AbbVie's amended and restated certificate of incorporation and by-laws will also provide that AbbVie must indemnify and advance reasonable expenses to its directors and officers, subject to its receipt of an undertaking from the indemnified party as may be required under the DGCL. AbbVie's amended and restated certificate of incorporation will expressly authorize AbbVie to carry directors' and officers' insurance to protect AbbVie, its directors, officers and certain employees for some liabilities.

The limitation of liability and indemnification provisions that will be in AbbVie's amended and restated certificate of incorporation and by-laws may discourage stockholders from bringing a lawsuit against directors for breach of their fiduciary duty. These provisions may also have the effect of reducing the likelihood of derivative litigation against AbbVie's directors and officers, even though such an action, if successful, might otherwise benefit AbbVie and its stockholders. However, these provisions will not limit or eliminate AbbVie's rights, or those of any stockholder, to seek non-monetary relief such as injunction or rescission in the event of a breach of a director's duty of care. The provisions will not alter the liability of directors under the federal securities laws. In addition, your investment may be adversely affected to the extent that, in a class action or direct suit, AbbVie pays the costs of settlement and damage awards against directors and officers pursuant to these indemnification provisions. There is currently no pending material litigation or proceeding against any AbbVie directors, officers or employees for which indemnification is sought.

#### **Exclusive Forum**

AbbVie's amended and restated certificate of incorporation will provide that unless the board of directors otherwise determines, the Court of Chancery of the State of Delaware will be the sole and exclusive forum for any derivative action or proceeding brought on behalf of AbbVie, any action asserting a claim of breach of a fiduciary duty owed by any director or officer of AbbVie to AbbVie or AbbVie's stockholders, creditors or other constituents, any action asserting a claim against AbbVie or any director or officer of AbbVie arising pursuant to any provision of the DGCL or AbbVie's amended and restated certificate of incorporation or by-laws, or any action asserting a claim against AbbVie or any director or officer of AbbVie governed by the internal affairs doctrine. However, if the Court of Chancery of the State of Delaware dismisses any such action for lack of subject matter jurisdiction, the action may be brought in another court sitting in the State of Delaware.

#### **Authorized but Unissued Shares**

AbbVie's authorized but unissued shares of common stock and preferred stock will be available for future issuance without your approval. AbbVie may use additional shares for a variety of purposes, including future public offerings to raise additional capital, to fund acquisitions and as employee compensation. The existence of authorized but unissued shares of common stock and preferred stock could render more difficult or discourage an attempt to obtain control of AbbVie by means of a proxy contest, tender offer, merger or otherwise.

#### **Listing**

AbbVie has been authorized to have its shares of common stock listed on the NYSE under the symbol "ABBV."

**Sale of Unregistered Securities**

On May 18, 2012, AbbVie issued one share of its common stock to Abbott, and on November 1, 2012, AbbVie issued an additional 100 shares of its common stock to Abbott, in each case pursuant to Section 4(2) of the Securities Act. AbbVie did not register either issuance of the issued shares under the Securities Act because such issuances did not constitute public offerings. In addition, in November 2012, AbbVie issued \$14.7 billion aggregate principal amount of senior notes pursuant to an exemption under the Securities Act. See "Description of Material Indebtedness."

**Transfer Agent and Registrar**

After the distribution, the transfer agent and registrar for AbbVie's common stock will be Computershare Trust Company, N.A.

Computershare  
250 Royall Street  
Canton, MA 02021  
877-881-5970  
[www.computershare.com/investor](http://www.computershare.com/investor)

## WHERE YOU CAN FIND MORE INFORMATION

AbbVie has filed a registration statement on Form 10 with the SEC with respect to the shares of AbbVie common stock being distributed as contemplated by this information statement. This information statement is a part of, and does not contain all of the information set forth in, the registration statement and the exhibits and schedules to the registration statement. For further information with respect to AbbVie and its common stock, please refer to the registration statement, including its exhibits and schedules. Statements made in this information statement relating to any contract or other document are not necessarily complete, and you should refer to the exhibits attached to the registration statement for copies of the actual contract or document. You may review a copy of the registration statement, including its exhibits and schedules, at the SEC's public reference room, located at 100 F Street, N.E., Washington, D.C. 20549, by calling the SEC at 1-800-SEC-0330 as well as on the Internet website maintained by the SEC at [www.sec.gov](http://www.sec.gov). Information contained on any website referenced in this information statement is not incorporated by reference in this information statement.

As a result of the distribution, AbbVie will become subject to the information and reporting requirements of the Exchange Act and, in accordance with the Exchange Act, will file periodic reports, proxy statements and other information with the SEC.

AbbVie intends to furnish holders of its common stock with annual reports containing consolidated financial statements prepared in accordance with U.S. generally accepted accounting principles and audited and reported on, with an opinion expressed, by an independent registered public accounting firm.

You should rely only on the information contained in this information statement or to which this information statement has referred you. AbbVie has not authorized any person to provide you with different information or to make any representation not contained in this information statement.

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**Report of Independent Registered Public Accounting Firm**

To the Board of Directors and Shareholders of Abbott Laboratories:

We have audited the accompanying combined balance sheets of the Research-Based Pharmaceuticals Business of Abbott Laboratories ("AbbVie" or the "Company") as of December 31, 2011 and 2010, and the related combined statements of earnings, comprehensive income, investment in AbbVie, and cash flows for each of the three years in the period ended December 31, 2011. These combined financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these combined financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such combined financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2011 and 2010, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2011 in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the accompanying combined financial statements have been derived from the consolidated financial statements and accounting records of Abbott Laboratories. The combined financial statements also include expense allocations for certain corporate functions historically provided by Abbott Laboratories. These allocations may not be reflective of the actual expense which would have been incurred had the Company operated as a separate entity apart from Abbott Laboratories.

/s/ Deloitte & Touche LLP

Chicago, Illinois  
June 4, 2012

## The Research-Based Pharmaceuticals Business of Abbott Laboratories

## Combined Statement of Earnings

(dollars in thousands)

	Year Ended December 31		
	2011	2010	2009
Net Sales	\$ 17,443,951	\$ 15,637,731	\$ 14,214,196
Cost of products sold	4,639,393	4,292,989	4,056,390
Research and development	2,617,506	2,494,598	1,707,440
Acquired in-process and collaborations research and development	672,500	313,200	170,000
Selling, general and administrative	5,893,820	3,820,161	3,348,572
Total Operating Cost and Expenses	13,823,219	10,920,948	9,282,402
Operating Earnings	3,620,732	4,716,783	4,931,794
Net foreign exchange (gain) loss	(30,137)	(29,764)	18,958
Other (income) expense, net	(17,658)	(88,950)	(1,037,481)
Earnings Before Taxes	3,668,527	4,835,497	5,950,317
Taxes on Earnings	235,399	657,631	1,313,802
Net Earnings	\$ 3,433,128	\$ 4,177,866	\$ 4,636,515

The accompanying notes to combined financial statements are an integral part of this statement.

## The Research-Based Pharmaceuticals Business of Abbott Laboratories

## Combined Statement of Comprehensive Income

(dollars in thousands)

	Year Ended December 31		
	2011	2010	2009
Net Earnings	\$ 3,433,128	\$ 4,177,866	\$ 4,636,515
Foreign currency translation (loss) gain adjustments	(294,897)	(383,383)	224,336
Net actuarial (losses) and prior service cost and amortization of net actuarial losses and prior service cost, net of taxes of \$(11,590) in 2011, \$(2,303) in 2010 and \$(7,715) in 2009	(7,133)	(22,286)	(46,204)
Unrealized gains on marketable equity securities, net of taxes of \$9,773 in 2011, \$4,182 in 2010 and \$336 in 2009	16,929	7,243	591
Net adjustments for derivative instruments designated as cash flow hedges, net of taxes of \$(8,279) in 2011 and \$10,445 in 2010	(28,354)	5,209	28,380
Other Comprehensive (loss) income	(313,455)	(393,217)	207,103
<b>Comprehensive Income</b>	<b>\$ 3,119,673</b>	<b>\$ 3,784,649</b>	<b>\$ 4,843,618</b>
Supplemental Accumulated Other Comprehensive Income (Loss) Information, net of tax as of December 31:			
Cumulative foreign currency translation (gain) adjustments	\$ (8,436)	\$ (303,333)	
Net actuarial losses and prior service cost	65,201	58,068	
Cumulative unrealized (gains) on marketable equity securities	(26,364)	(9,435)	
Cumulative (gains) on derivative instruments designated as cash flow hedges	(5,235)	(33,589)	

The accompanying notes to combined financial statements are an integral part of this statement.

## The Research-Based Pharmaceuticals Business of Abbott Laboratories

## Combined Statement of Cash Flows

(dollars in thousands)

	Year Ended December 31		
	2011	2010	2009
Cash Flow From (Used in) Operating Activities:			
Net earnings	\$ 3,433,128	\$ 4,177,866	\$ 4,636,515
Adjustments to reconcile earnings to net cash from operating activities—			
Depreciation	507,915	476,020	325,281
Amortization of intangible assets	764,279	708,341	372,211
Derecognition of a contingent liability associated with the conclusion of the TAP Pharmaceutical Products Inc. joint venture	—	—	(797,130)
Share-based compensation	162,976	166,750	156,718
Acquired in-process and collaborations research and development	672,500	313,200	170,000
Trade receivables	(497,739)	(60,128)	(322,193)
Inventories	(87,602)	(73,327)	165,347
Prepaid expenses and other assets	(205,644)	(37,823)	450,263
Trade accounts payable and other liabilities	1,497,147	(694,737)	210,324
Net Cash From Operating Activities	6,246,960	4,976,162	5,367,336
Cash Flow From (Used in) Investing Activities:			
Acquisitions of businesses and technologies, net of cash acquired	(272,500)	(2,621,307)	(170,000)
Acquisitions of property and equipment	(355,515)	(448,141)	(312,565)
Release of (deposit of) restricted funds	1,870,000	(1,870,000)	—
Purchases of investment securities	(1,943,258)	(93,633)	(4,213)
Sales of investment securities	1,254,931	939	6
Other	241	378	417
Net Cash From (Used in) Investing Activities	553,899	(5,031,764)	(486,355)
Cash Flow From (Used in) Financing Activities:			
Capital lease transactions	(21,086)	(32,082)	(34,766)
Net transactions with Abbott Laboratories	(6,761,935)	97,291	(4,846,385)
Net Cash (Used in) Financing Activities	(6,783,021)	65,209	(4,881,151)
Net Increase (Decrease) in Cash and Cash Equivalents	17,838	9,607	(170)
Cash and Cash Equivalents, Beginning of Year	9,644	37	207
Cash and Cash Equivalents, End of Year	\$ 27,482	\$ 9,644	\$ 37

The accompanying notes to combined financial statements are an integral part of this statement.

## The Research-Based Pharmaceuticals Business of Abbott Laboratories

## Combined Balance Sheet

(dollars in thousands)

	December 31	
	2011	2010
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 27,482	\$ 9,644
Investments, primarily U.S. treasury bills	626,099	1,131
Restricted funds, primarily U.S. treasury bills	—	1,872,490
Trade receivables, less allowances of—2011: \$160,832; 2010: \$153,710	3,817,486	3,373,104
<b>Inventories:</b>		
Finished products	428,286	439,877
Work in process	207,229	223,930
Materials	236,067	172,463
Total inventories	871,582	836,270
Deferred income taxes	1,468,794	1,636,811
Other prepaid expenses and receivables	542,712	489,043
Total Current Assets	7,354,155	8,218,493
Investments, primarily equity securities	229,342	137,360
<b>Property and Equipment, at Cost:</b>		
Land	106,353	109,478
Buildings	1,304,630	1,338,983
Equipment	4,331,083	4,382,678
Construction in progress	205,644	270,787
	5,947,710	6,101,926
Less: accumulated depreciation and amortization	3,803,510	3,744,363
Net Property and Equipment	2,144,200	2,357,563
Intangible Assets, net of amortization	2,910,167	3,691,178
Goodwill	6,099,652	6,197,182
Deferred Income Taxes and Other Assets	919,650	532,929
<b>Total Assets</b>	<b>\$ 19,657,166</b>	<b>\$ 21,134,705</b>
<b>Liabilities and Net Parent Company Investment in AbbVie</b>		
<b>Current Liabilities:</b>		
Trade accounts payable	\$ 417,030	\$ 356,784
Salaries, wages and commissions	434,964	441,842
Accrued sales rebates	1,536,826	1,406,516
Other accrued liabilities	3,507,858	1,556,106
Total Current Liabilities	5,896,678	3,761,248
Long-term Liabilities	1,536,775	1,670,458
Commitments and Contingencies		
Net parent company investment in AbbVie	12,248,879	15,414,710
Accumulated other comprehensive income (loss)	(25,166)	288,289
Total Parent Company Equity	12,223,713	15,702,999
Total Liabilities and Net Parent Company Investment in AbbVie	<b>\$ 19,657,166</b>	<b>\$ 21,134,705</b>

The accompanying notes to combined financial statements are an integral part of this statement.

AbbVie

The Research-Based Pharmaceuticals Business of Abbott Laboratories

Combined Statement of Investment in AbbVie

(dollars in thousands)

	Year Ended December 31		
	2011	2010	2009
Beginning balance	\$ 15,702,999	\$ 11,654,309	\$ 11,500,358
Net earnings	3,433,128	4,177,866	4,636,515
Net transactions with Abbott	(6,598,959)	264,041	(4,689,667)
Other comprehensive (loss) income	(313,455)	(393,217)	207,103
Ending balance	<u>\$ 12,223,713</u>	<u>\$ 15,702,999</u>	<u>\$ 11,654,309</u>

The accompanying notes to combined financial statements are an integral part of this statement.

## The Research-Based Pharmaceuticals Business of Abbott Laboratories

## Notes to Combined Financial Statements

**Note 1—Basis of Presentation**

The principal business of AbbVie is the discovery, development, manufacture and sale of a broad line of proprietary pharmaceutical products. Substantially all of AbbVie's U.S. sales are to three wholesalers. Outside the U.S., products are sold primarily to health care providers or through distributors, depending on the market served.

On October 19, 2011, Abbott Laboratories (Abbott) announced its plan to separate into two independent public companies, one in diversified medical products and the other in research-based pharmaceuticals. To accomplish this separation, Abbott created AbbVie Inc. to be the parent company for the research-based pharmaceuticals business. AbbVie Inc. was incorporated in Delaware on April 10, 2012 and is currently a wholly owned subsidiary of Abbott. To effect the separation, Abbott will make a pro rata distribution of AbbVie Inc.'s common stock to Abbott's shareholders. The distribution is subject to a number of conditions, including the receipt of a private letter ruling from the Internal Revenue Service to the effect that, among other things, the distribution will qualify as a tax-free transaction for U.S. federal income tax purposes.

The accompanying combined financial statements have been prepared on a stand-alone basis and are derived from Abbott's consolidated financial statements and accounting records. The combined financial statements reflect AbbVie's financial position, results of operations, and cash flows as its business was operated as part of Abbott prior to the distribution, in conformity with U.S. generally accepted accounting principles.

The combined financial statements include the allocation of certain assets and liabilities that have historically been held at the Abbott corporate level but which are specifically identifiable or allocable to AbbVie. Cash and cash equivalents, short-term investment securities and restricted funds held by Abbott were not allocated to AbbVie unless the cash or short-term investment securities were held by an entity that will be transferred to AbbVie. All intracompany transactions and accounts have been eliminated. All intercompany transactions between AbbVie and Abbott are considered to be effectively settled in the combined financial statements at the time the transaction is recorded. The total net effect of the settlement of these intercompany transactions is reflected in the combined statement of cash flow as a financing activity and in the combined balance sheet as Net parent company investment in AbbVie.

AbbVie's combined financial statements include an allocation of expenses related to certain Abbott corporate functions, including senior management, legal, human resources, finance, information technology, and quality assurance. These expenses have been allocated to AbbVie based on direct usage or benefit where identifiable, with the remainder allocated on a pro rata basis of revenues, headcount, square footage, number of transactions or other measures. AbbVie considers the expense allocation methodology and results to be reasonable for all periods presented. However, the allocations may not be indicative of the actual expense that would have been incurred had AbbVie operated as an independent, publicly-traded company for the periods presented.

Abbott maintains various benefit and stock-based compensation plans at a corporate level and other benefit plans at an international entity level. AbbVie employees participate in those programs and a portion of the cost of those plans is included in AbbVie's financial statements. However, AbbVie's combined balance sheet does not include any equity related to stock-based compensation plans or any net benefit plan obligations unless the benefit plan covers only active and inactive AbbVie

## The Research-Based Pharmaceuticals Business of Abbott Laboratories

## Notes to Combined Financial Statements (Continued)

**Note 1—Basis of Presentation (Continued)**

employees. See Note 8 and Note 6 for a further description of the accounting for stock-based compensation and benefit plans.

In 2011, the Financial Accounting Standards Board (FASB) issued an amendment to Topic 270 in the FASB's Accounting Standards Codification. The amendment requires that all non-owner changes in stockholders' equity be presented either in a single continuous statement of comprehensive income or in two separate but consecutive statements. AbbVie adopted this amendment for the year ended December 31, 2011 and retrospectively presented all non-owner changes in stockholders' equity in two separate but consecutive statements. Adoption of this amendment did not have a material impact on AbbVie's results of operations, cash flows or financial position.

**Note 2—Summary of Significant Accounting Policies**

**CONCENTRATION OF RISK**—Due to the nature of its operations, AbbVie is not subject to significant concentration risks relating to customers, products or geographic locations, except that three U.S. wholesalers accounted for 43 percent and 46 percent of total net trade receivables as of December 31, 2011 and 2010, respectively, and substantially all of AbbVie's U.S. sales are to these three wholesalers. In addition, governmental accounts in Greece, Portugal, Italy and Spain accounted for 30 percent and 26 percent of total net trade receivables as of December 31, 2011 and 2010, respectively. Product warranties are not significant.

**CONTINGENCIES AND GUARANTEES**—In connection with the distribution, AbbVie will indemnify Abbott for all liabilities resulting from the operation of AbbVie's business other than income tax liabilities with respect to periods prior to the distribution date and other liabilities as agreed to by AbbVie and Abbott.

AbbVie has no material exposures to off-balance sheet arrangements; no special purpose entities; nor activities that include non-exchange-traded contracts accounted for at fair value. AbbVie has periodically entered into agreements in the ordinary course of business, such as assignment of product rights, with other companies which has resulted in AbbVie becoming secondarily liable for obligations that AbbVie was previously primarily liable. Since AbbVie no longer maintains a business relationship with the other parties, AbbVie 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. AbbVie periodically acquires a business or product rights in which AbbVie agrees to pay contingent consideration based on attaining certain thresholds or based on the occurrence of certain events.

**USE OF ESTIMATES**—The financial statements have been prepared in accordance with generally accepted accounting principles in the United States and necessarily include amounts based on estimates and assumptions by management. Actual results could differ from those amounts. Significant estimates include amounts for sales rebates, income taxes, pension benefits, valuation of intangible assets, including goodwill, litigation, derivative financial instruments, and inventory and accounts receivable exposures.

**REVENUE RECOGNITION**—AbbVie recognizes revenue when persuasive evidence of an arrangement exists, delivery has occurred, the sales price is fixed or determinable, and collectability of the sales price is reasonably assured. Revenue from product sales is recognized when title and risk of loss have passed to the customer. Provisions for discounts, rebates and sales incentives to customers,



## The Research-Based Pharmaceuticals Business of Abbott Laboratories

## Notes to Combined Financial Statements (Continued)

## Note 2—Summary of Significant Accounting Policies (Continued)

and returns and other adjustments are provided for in the period the related sales are recorded. Sales incentives to customers are not material. Historical data is readily available and reliable, and is used for estimating the amount of the reduction in gross sales. Revenue from the launch of a new product, from an improved version of an existing product, or for shipments in excess of a customer's normal requirements are recorded when the conditions noted above are met. In those situations, management records a returns reserve for such revenue, if necessary. Sales of product rights for marketable products are recorded as revenue upon disposition of the rights.

**INCOME TAXES**—In AbbVie's combined financial statements, income tax expense and deferred tax balances have been calculated on a separate tax return basis although AbbVie's operations have historically been included in the tax returns filed by the respective Abbott entities of which the AbbVie business is a part. In the future, as a stand-alone entity, AbbVie will file tax returns on its own behalf and its deferred taxes and effective tax rate may differ from those in the historical periods.

AbbVie does not maintain an income taxes payable to/from account with Abbott. With the exception of certain entities outside the U.S. that will transfer to AbbVie at separation, AbbVie is deemed to settle current tax balances with the Abbott tax paying entities in the respective jurisdictions. These settlements are reflected as changes in Net parent company investment. Deferred income taxes are provided for the tax effect of temporary differences between the tax bases of assets and liabilities and their reported amounts in the financial statements at the enacted statutory rate to be in effect when the taxes are paid.

**PENSION AND POST-EMPLOYMENT BENEFITS**—Abbott provides pension and post-employment health care benefits to many AbbVie employees. These plans are accounted for as multiemployer benefit plans and are not reflected in AbbVie's combined balance sheets. At the separation date, AbbVie expects to record the net benefit plan obligations transferred from Abbott. AbbVie's combined statements of earnings include expense allocations for these benefits. These expenses were funded through intercompany transactions with Abbott which are reflected within Net parent company investment in AbbVie.

Certain pension plans in AbbVie's German and U.S. operations are AbbVie's direct obligations and have been recorded in the combined financial statements. AbbVie engages outside actuaries to assist in the determination of the obligations and costs under these plans. AbbVie must develop long-term assumptions, the most significant of which are the discount rates and the expected return on plan assets. At December 31, 2011, pretax net actuarial losses and prior service costs recognized in Accumulated other comprehensive income (loss) for these plans were losses of \$98 million. 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.

**FAIR VALUE MEASUREMENTS**—For assets and liabilities that are measured using quoted prices in active markets, total fair value is the published market price per unit multiplied by the number of units held without consideration of transaction costs. Assets and liabilities that are measured using significant other observable inputs are valued by reference to similar assets or liabilities, adjusted for contract restrictions and other terms specific to that asset or liability. For these items, a significant portion of fair value is derived by reference to quoted prices of similar assets or liabilities in active

## The Research-Based Pharmaceuticals Business of Abbott Laboratories

## Notes to Combined Financial Statements (Continued)

## Note 2—Summary of Significant Accounting Policies (Continued)

markets. For all remaining assets and liabilities, fair value is derived using a fair value model, such as a discounted cash flow model or Black-Scholes model. Purchased intangible assets are recorded at fair value. The fair value of significant purchased intangible assets is based on independent appraisals. AbbVie uses a discounted cash flow model to value intangible assets. The discounted cash flow model requires assumptions about the timing and amount of future net cash flows, risk, the cost of capital, terminal values and market participants. AbbVie reviews the recoverability of definite-lived intangible assets each quarter using an undiscounted net cash flow approach. Impairment reviews are performed for goodwill and indefinite-lived intangible assets on at least an annual basis.

**SHARE-BASED COMPENSATION**—Abbott maintains an incentive stock program for the benefit of its officers, directors, and certain employees, including certain AbbVie employees. The value of stock options and restricted stock awards and units are amortized over their service period, which could be shorter than the vesting period if an employee is retirement eligible, with a charge to compensation expense.

**LITIGATION**—AbbVie accounts for litigation losses in accordance with FASB ASC 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. Legal fees are recorded as incurred.

**CASH, CASH EQUIVALENTS AND INVESTMENTS**—Cash equivalents consist of time deposits and certificates of deposit with original maturities of three months or less. Investments in marketable equity securities are classified as available-for-sale and are recorded at fair value with any unrealized holding gains or losses, net of tax, included in Accumulated other comprehensive income (loss). Investments in equity securities that are not traded on public stock exchanges are recorded at cost.

AbbVie reviews the carrying value of investments each quarter to determine whether an other than temporary decline in market value exists. AbbVie considers factors affecting the investee, factors affecting the industry the investee operates in and general equity market trends. AbbVie considers the length of time an investment's market value has been below cost and the near-term prospects for recovery. When AbbVie determines that an other than temporary decline has occurred, the cost basis investment is written down with a charge to income and the available-for-sale securities' unrealized loss is recognized as a charge to income and removed from Accumulated other comprehensive income (loss).

**TRADE RECEIVABLE VALUATIONS**—Accounts receivable are stated at their net realizable value. The allowance against gross trade receivables reflects the best estimate of probable losses inherent in the receivables portfolio determined on the basis of historical experience, specific allowances for known troubled accounts and other currently available information. Accounts receivable are charged off after all reasonable means to collect the full amount (including litigation, where appropriate) have been exhausted.

**INVENTORIES**—Inventories are stated at the lower of cost (first-in, first-out basis) or market. Cost includes material and conversion costs.

## The Research-Based Pharmaceuticals Business of Abbott Laboratories

## Notes to Combined Financial Statements (Continued)

## Note 2—Summary of Significant Accounting Policies (Continued)

PROPERTY AND EQUIPMENT—Depreciation and amortization are provided on a straight-line basis over the estimated useful lives of the assets. The following table shows estimated useful lives of property and equipment:

<u>Classification</u>	<u>Estimated Useful Lives</u>
Buildings	15 to 66 years (average 25 years)
Equipment	5 to 35 years (average 10 years)

PRODUCT LIABILITY—AbbVie accrues for product liability claims, on an undiscounted basis, when it is probable that a liability has been incurred and the amount of the liability can be reasonably estimated based on existing information. The liabilities are adjusted quarterly as additional information becomes available. Receivables for insurance recoveries for product liability claims are recorded as assets, on an undiscounted basis, when it is probable that a recovery will be realized. Product liability losses are self-insured.

RESEARCH AND DEVELOPMENT COSTS—Internal research and development costs are expensed as incurred. Clinical trial costs incurred by third parties are expensed as the contracted work is performed. Where contingent milestone payments are due to third parties under research and development collaborations for pre-commercialization milestones, the milestone payment obligations are expensed when the milestone results are achieved.

ACQUIRED IN-PROCESS AND COLLABORATIONS RESEARCH AND DEVELOPMENT (IPR&D)—The initial costs of rights to IPR&D projects obtained in an asset acquisition are expensed as IPR&D unless the project has an alternative future use. These costs include initial payments incurred prior to regulatory approval in connection with research and development collaboration agreements that provide rights to develop, manufacture, market and/or sell pharmaceutical products. The fair value of IPR&D projects acquired in a business combination are capitalized and accounted for as indefinite-lived intangible assets.

## Note 3—Supplemental Financial Information

The judgment entered by the U.S. District Court for the Eastern District of Texas against AbbVie in its litigation with New York University and Centocor, Inc. required AbbVie to secure the judgment in the event that its appeal to the Federal Circuit court was unsuccessful in overturning the district court's decision. In the first quarter of 2010, AbbVie deposited \$1.87 billion with an escrow agent and considered these assets to be restricted. On February 23, 2011, the Federal Circuit reversed the district court's final judgment and found Centocor's patent invalid. On April 25, 2011 Centocor petitioned the Federal Circuit to rehear and reconsider the decision. In June 2011 the Federal Circuit denied Centocor's petition and the restrictions on the funds were lifted.

Other (income) expense, net, for 2011 includes \$56 million of fair value adjustments and accretion in the contingent consideration related to the acquisition of Solvay's U.S. pharmaceuticals business. Other (income) expense, net, for 2009 includes the derecognition of a contingent liability of \$797 million associated with the conclusion of the TAP Pharmaceutical Products Inc. joint venture. The contingent liability was established as AbbVie agreed to remit cash to Takeda if certain research and development events were not achieved on the development assets retained by Takeda. In 2009, the research and development events were achieved and the contingent liability was derecognized. Other

## The Research-Based Pharmaceuticals Business of Abbott Laboratories

## Notes to Combined Financial Statements (Continued)

## Note 3—Supplemental Financial Information (Continued)

(income) expense, net, for 2011, 2010 and 2009 also includes ongoing contractual payments from Takeda associated with the conclusion of the TAP joint venture. Advertising expenses were \$375 million, \$290 million and \$205 million in 2011, 2010 and 2009.

Other accrued liabilities as of December 31, 2011 includes \$1.5 billion related to a government investigation, \$400 million for acquired in-process research and development and \$417 million for royalties. Other accrued liabilities as of December 31, 2010 includes \$358 million for royalties. Accrued wholesaler chargeback rebates of \$171 million and \$154 million at December 31, 2011 and 2010 respectively, are netted in trade receivables because AbbVie's customers are invoiced at a higher catalog price but only remit to AbbVie their contract price for the products. Long-term liabilities as of December 31, 2011 and 2010 includes deferred income taxes of \$490 million and \$485 million, respectively, and defined benefit pension plan liabilities of \$397 million and \$414 million, respectively.

## Note 4—Taxes on Earnings

In AbbVie's combined financial statements, income tax expense and deferred tax balances have been calculated on a separate tax return basis although AbbVie's operations have historically been included in the tax returns filed by the respective Abbott entities of which the AbbVie business is a part. In the future, as a stand-alone entity, AbbVie will file tax returns on its own behalf and its deferred taxes and effective tax rate may differ from those in the historical periods.

AbbVie does not maintain an income taxes payable to/from account with Abbott. With the exception of certain entities outside the U.S. that will transfer to AbbVie at separation, AbbVie is deemed to settle current tax balances with the Abbott tax paying entities in the respective jurisdictions. These settlements are reflected as changes in Net parent company investment in AbbVie.

AbbVie and Abbott will enter into a tax sharing agreement prior to or concurrently with the separation of the two companies.

Taxes on earnings reflect the annual effective rates, including charges for interest and penalties. Deferred income taxes reflect the tax consequences on future years of differences between the tax bases of assets and liabilities and their financial reporting amounts. U.S. income taxes are provided on those earnings of foreign subsidiaries which are intended to be remitted to the parent company. AbbVie does not record deferred income taxes on earnings reinvested indefinitely in foreign subsidiaries as working capital and plant and equipment. It is not practicable to determine the amount of deferred income taxes not provided on these earnings.

Earnings before taxes, and the related provisions for taxes on earnings, were as follows:

	<u>2011</u>	<u>2010</u>	<u>2009</u>
	(dollars in millions)		
Earnings Before Taxes:			
Domestic	\$ 626	\$ (191)	\$ 2,080
Foreign	3,043	5,026	3,870
Total	<u>\$ 3,669</u>	<u>\$ 4,835</u>	<u>\$ 5,950</u>

## The Research-Based Pharmaceuticals Business of Abbott Laboratories

## Notes to Combined Financial Statements (Continued)

## Note 4—Taxes on Earnings (Continued)

	2011	2010	2009
	(dollars in millions)		
Taxes on Earnings:			
Current:			
Domestic	\$ 177	\$ 987	\$ 500
Foreign	390	408	257
Total current	<u>567</u>	<u>1,395</u>	<u>757</u>
Deferred:			
Domestic	(198)	(624)	608
Foreign	(134)	(113)	(51)
Total deferred	<u>(332)</u>	<u>(737)</u>	<u>557</u>
Total	<u>\$ 235</u>	<u>\$ 658</u>	<u>\$ 1,314</u>

Differences between the effective income tax rate and the U.S. statutory tax rate were as follows:

	2011	2010	2009
Statutory tax rate on earnings	35.0%	35.0%	35.0%
Benefit of lower tax rates and tax exemptions, primarily in Puerto Rico	(25.4)	(22.5)	(14.8)
Resolution of certain tax positions pertaining to prior years	(11.2)	—	—
Effect of non-deductible litigation loss accrual	12.9	—	—
Puerto Rico excise tax credit	(3.2)	—	—
State taxes, net of federal benefit	0.3	0.2	1.0
All other, net	(2.0)	0.9	0.9
Effective tax rate on earnings	<u>6.4%</u>	<u>13.6%</u>	<u>22.1%</u>

As of December 31, 2011 and 2010, total deferred tax assets were \$2.6 billion and \$2.7 billion, respectively, and total deferred tax liabilities were \$717 million and \$1.1 billion, respectively. AbbVie has incurred losses in a foreign jurisdiction where realization of the future economic benefit is so remote that the benefit is not reflected as a deferred tax asset. Valuation allowances for recorded

## The Research-Based Pharmaceuticals Business of Abbott Laboratories

## Notes to Combined Financial Statements (Continued)

## Note 4—Taxes on Earnings (Continued)

deferred tax assets were not significant. The tax effect of the differences that give rise to deferred tax assets and liabilities were as follows:

	<u>2011</u>	<u>2010</u>
	(dollars in millions)	
Compensation and employee benefits	\$ 290	\$ 318
Trade receivable reserves	371	371
Inventory reserves	49	130
Deferred intercompany profit	592	174
State income taxes	125	100
Depreciation	(20)	(12)
Acquired in-process research and development and other accruals and reserves not currently deductible	1,196	1,591
Other, primarily the excess of book basis over tax basis of intangible assets	(691)	(1,085)
Total	<u>\$ 1,912</u>	<u>\$ 1,587</u>

The following table summarizes the gross amounts of unrecognized tax benefits without regard to reduction in tax liabilities or additions to deferred tax assets and liabilities if such unrecognized tax benefits were settled.

	<u>2011</u>	<u>2010</u>	<u>2009</u>
	(dollars in millions)		
January 1	\$ 1,645	\$ 1,319	\$ 983
Increase due to current year tax positions	294	346	296
Increase due to prior year tax positions	149	110	145
Decrease due to current year tax positions	(15)	—	—
Decrease due to prior year tax positions	(604)	(48)	(78)
Settlements	(430)	(82)	(27)
December 31	<u>\$ 1,039</u>	<u>\$ 1,645</u>	<u>\$ 1,319</u>

The total amount of unrecognized tax benefits that, if recognized, would impact the effective tax rate is approximately \$931 million. AbbVie believes that it is reasonably possible that the recorded amount of gross unrecognized tax benefits may decrease by up to \$250 million, including cash adjustments, within the next twelve months as a result of concluding various domestic and international tax matters.

## Note 5—Litigation

There are a number of patent disputes with third parties who claim AbbVie's products infringe their patents. On February 21, 2012, the United States Supreme Court denied Centocor Inc.'s and New York University's petition to review a February 2011 Federal Circuit Court of Appeals decision reversing a \$1.67 billion judgment in favor of Centocor and the New York University on a patent they claimed AbbVie's HUMIRA infringed. This decision concludes the case.

## The Research-Based Pharmaceuticals Business of Abbott Laboratories

## Notes to Combined Financial Statements (Continued)

**Note 5—Litigation (Continued)**

The United States Department of Justice, through the United States Attorney for the Western District of Virginia, and various state Attorneys General investigated AbbVie's sales and marketing activities for Depakote. The government sought to determine whether any of these activities violated civil and/or criminal laws, including the Federal False Claims Act, the Food, Drug and Cosmetic Act, and the Anti-Kickback Statute in connection with Medicare and/or Medicaid reimbursement to third parties. The state Attorneys General offices sought to determine whether any of these activities violated various state laws, including state consumer fraud/protection statutes. Discussions to resolve potential civil and criminal claims arising from this matter advanced to a point where AbbVie believed a loss was probable and estimable and therefore, AbbVie recorded charges of \$1.5 billion in the third quarter of 2011 and \$100 million in the first quarter of 2012. In May 2012, AbbVie reached resolution of all Depakote-related federal claims, Medicaid-related claims with 49 states and the District of Columbia, and consumer protection claims with 45 states and the District of Columbia. The settlement of the federal claims is subject to approval by the United States District Court for the Western District of Virginia.

Within the next year, legal proceedings may occur that may result in a change in the estimated loss accrued by AbbVie. For its legal proceedings and exposures, AbbVie estimates the possible loss to be approximately \$1.51 billion, which includes the \$1.5 billion charge discussed above. The recorded accrual balance at December 31, 2011 for these proceedings and exposures was approximately \$1.51 billion. This accrual represents management's best estimate of probable loss, as defined by FASB ASC No. 450, "Contingencies."

While it is not feasible to predict the outcome of all such proceedings and exposures with certainty, management believes that their ultimate disposition should not have a material adverse effect on AbbVie's financial position, cash flows, or results of operations except for the federal government investigation discussed in the second paragraph of this footnote, the resolution of which is expected to be material to cash flows in 2012.

**Note 6—Post-Employment Benefits**

AbbVie employees participate in defined benefit pension and other postretirement plans sponsored by Abbott Laboratories, which include participants of Abbott Laboratories' other businesses. Such plans are accounted for as multiemployer plans. As a result, no asset or liability was recorded by AbbVie to recognize the funded status of these plans. AbbVie recorded expense of \$150 million, \$150 million and \$86 million for the years ended December 31, 2011, 2010 and 2009, respectively, for Abbott's allocation of pension and other postretirement benefit costs related to AbbVie's employees. As of December 31, 2011 and 2010, there were no required contributions outstanding.

As of December 31, 2011 and 2010, such multiemployer defined benefit pension plans were approximately 99 percent and 112 percent funded. The most significant shared defined benefit pension plan is the Abbott Laboratories Annuity Retirement Plan. AbbVie's active employees represent approximately 40 percent of total active participants in the Abbott Laboratories Annuity Retirement Plan. Abbott Laboratories made voluntary contributions to the Abbott Laboratories Annuity Retirement Plan of \$200 million in both 2011 and 2010 and \$700 million in 2009. Abbott Laboratories expects pension funding of \$200 million in 2012.

## The Research-Based Pharmaceuticals Business of Abbott Laboratories

## Notes to Combined Financial Statements (Continued)

**Note 6—Post-Employment Benefits (Continued)**

As of December 31, 2011 and 2010, the multiemployer plans covering other postretirement benefits were approximately 24 percent funded. The Abbott Laboratories Retiree Health Care Plan represents the most significant shared other post retirement benefits plan. The benefits accrued by AbbVie employees represent approximately 43 percent of the total liabilities of the Abbott Laboratories Retiree Health Care Plan. Abbott Laboratories made voluntary contributions to the Abbott Laboratories Retiree Health Care Plan of \$40 million, \$74 million and \$71 million in 2011, 2010 and 2009, respectively. Abbott Laboratories expects funding of \$40 million in 2012.

AbbVie's employees also participate in the Abbott Laboratories Stock Retirement Plan which is Abbott's principal defined contribution plan. AbbVie recorded expense of \$68 million, \$65 million and \$61 million for the years ended December 31, 2011, 2010 and 2009, respectively, related to this plan.

AbbVie provides certain other post-employment benefits, primarily salary continuation plans, to qualifying employees, and accrues for the related cost over the service lives of the employees.

In conjunction with the separation of AbbVie from Abbott, the liabilities and assets of the domestic and international benefit plans will be split between AbbVie and Abbott according to local regulations, if any, governing the transfer of plan asset and liabilities.



## The Research-Based Pharmaceuticals Business of Abbott Laboratories

## Notes to Combined Financial Statements (Continued)

## Note 6—Post-Employment Benefits (Continued)

Apart from AbbVie's participation in the defined benefit pension and other postretirement benefit plans sponsored by Abbott, AbbVie is the sole sponsor for certain German and U.S. defined benefit pension plans. Information for AbbVie's major defined benefit plans is as follows:

	2011	2010	2009
	(dollars in millions)		
Projected benefit obligations, January 1	\$ 636	\$ 538	\$ 402
Service cost—benefits earned during the year	18	15	10
Interest cost on projected benefit obligations	32	32	28
Losses (gains), primarily changes in discount rates, plan design changes and law changes	(1)	33	67
Benefits paid	(35)	(33)	(28)
Acquisition of Solvay's U.S. pharmaceuticals business	—	108	—
Other, primarily foreign currency translation	(1)	(57)	59
Projected benefit obligations, December 31	<u>\$ 649</u>	<u>\$ 636</u>	<u>\$ 538</u>
Plans' assets at fair value, January 1	<u>\$ 201</u>	<u>\$ 93</u>	<u>\$ 77</u>
Actual return on plans' assets	—	21	19
Company contributions	64	51	25
Benefits paid	(35)	(33)	(28)
Acquisition of Solvay's U.S. pharmaceuticals business	—	69	—
Plans' assets at fair value, December 31	<u>\$ 230</u>	<u>\$ 201</u>	<u>\$ 93</u>
Projected benefit obligations greater than plans' assets, December 31	<u>\$ (419)</u>	<u>\$ (435)</u>	<u>\$ (445)</u>
Short-term liabilities	\$ (22)	\$ (21)	\$ (24)
Long-term liabilities	(397)	(414)	(421)
Net liability	<u>\$ (419)</u>	<u>\$ (435)</u>	<u>\$ (445)</u>
Amounts Recognized in Accumulated Other Comprehensive Income (loss): Actuarial losses, net	\$ 97	\$ 78	\$ 54
Prior service cost	1	1	1
Total	<u>\$ 98</u>	<u>\$ 79</u>	<u>\$ 55</u>

## The Research-Based Pharmaceuticals Business of Abbott Laboratories

## Notes to Combined Financial Statements (Continued)

## Note 6—Post-Employment Benefits (Continued)

The projected benefit obligations for non-U.S. defined benefit plans were \$405 million, \$422 million and \$295 million at December 31, 2011, 2010 and 2009 respectively. Due to local regulations, AbbVie's non-U.S. defined benefit plans are not funded and benefit payments are funded from company assets. The accumulated benefit obligations for all defined benefit plans were \$620 million, \$608 million and \$511 million at December 31, 2011, 2010 and 2009 respectively. The accumulated benefit obligations exceeded plan assets for all plans at December 31, 2011, 2010 and 2009.

	Defined Benefit Plans		
	2011	2010	2009
	(dollars in millions)		
Service cost—benefits earned during the year	\$ 18	\$ 15	\$ 10
Interest cost on projected benefit obligations	32	32	28
Expected return on plans' assets	(21)	(16)	(9)
Amortization of actuarial losses (gains)	2	1	(1)
Total cost	\$ 31	\$ 32	\$ 28

Other comprehensive income (loss) for 2011 includes amortization of actuarial losses and prior service cost of \$2 million and net actuarial losses of \$21 million. Other comprehensive income (loss) for 2010 includes amortization of actuarial losses and prior service cost of \$1 million and net actuarial losses of \$25 million. Other comprehensive income (loss) for 2009 includes amortization of actuarial (gains) and prior service cost of \$1 million and net actuarial losses of \$53 million. The pretax amount of actuarial losses and prior service cost included in Accumulated other comprehensive income (loss) at December 31, 2011 that is expected to be recognized in the net periodic benefit cost in 2012 is \$4 million.

The weighted average assumptions used to determine benefit obligations are as follows:

	2011	2010
Discount rate	5.1%	5.0%
Expected aggregate average long-term change in compensation	4.2%	4.1%

The weighted average assumptions used to determine the net cost are as follows:

	2011	2010	2009
Discount rate	5.0%	5.4%	6.6%
Expected return on plan assets	8.5%	8.5%	8.5%
Expected aggregate average long-term change in compensation	4.1%	3.7%	3.4%

## The Research-Based Pharmaceuticals Business of Abbott Laboratories

## Notes to Combined Financial Statements (Continued)

## Note 6—Post-Employment Benefits (Continued)

The following table summarizes the bases used to measure defined benefit plans' assets at fair value:

	Basis of Fair Value Measurement			
	Outstanding Balances	Quoted Prices in Active Markets	Significant Other Observable Inputs	Significant Unobservable Inputs
	(dollars in millions)			
December 31, 2011:				
Equities:				
U.S. large cap(a)	\$ 54	\$ 53	\$ 1	\$ —
U.S. mid cap(b)	17	5	12	—
International(c)	27	2	25	—
Fixed income securities:				
U.S. government securities(d)	35	16	19	—
Corporate debt instruments(e)	14	3	11	—
Other	2	2	—	—
Absolute return funds(f)	71	12	32	27
Other	10	2	8	—
	<u>\$ 230</u>	<u>\$ 95</u>	<u>\$ 108</u>	<u>\$ 27</u>
December 31, 2010:				
Equities:				
U.S. large cap(a)	\$ 51	\$ 50	\$ 1	\$ —
U.S. mid cap(b)	16	5	11	—
International(c)	27	2	25	—
Fixed income securities:				
U.S. government securities(d)	29	13	16	—
Corporate debt instruments(e)	12	3	9	—
Other	2	2	—	—
Absolute return funds(f)	54	10	22	22
Other	10	3	7	—
	<u>\$ 201</u>	<u>\$ 88</u>	<u>\$ 91</u>	<u>\$ 22</u>
December 31, 2009:				
Equities:				
U.S. large cap(a)	\$ 42	\$ 42	\$ —	\$ —
U.S. mid cap(b)	9	9	—	—
International(c)	14	14	—	—
Fixed income securities:				
U.S. government securities(d)	19	19	—	—
Corporate debt instruments(e)	6	5	—	1
Other	2	2	—	—
Other	1	1	—	—
	<u>\$ 93</u>	<u>\$ 92</u>	<u>\$ —</u>	<u>\$ 1</u>

- (a) A mix of index funds that track the S&P 500 (45 percent in 2011 and 2010 and 40 percent in 2009) and separate actively managed equity accounts that are benchmarked to the Russell 1000 (55 percent in 2011 and 2010 and 60 percent in 2009).

## The Research-Based Pharmaceuticals Business of Abbott Laboratories

## Notes to Combined Financial Statements (Continued)

## Note 6—Post-Employment Benefits (Continued)

- (b) A mix of index funds (75 percent) and separate actively managed equity accounts (25 percent) that track or are benchmarked to the S&P 400 midcap index.
- (c) Primarily separate actively managed pooled investment accounts that are benchmarked to the MSCI and MSCI emerging market indices.
- (d) Index funds not actively managed (45 percent in 2011 and 2010 and 75 percent in 2009) and separate actively managed accounts (55 percent in 2011 and 2010 and 25 percent in 2009).
- (e) Index funds not actively managed (40 percent in 2011, 15 percent in 2010 and 75 percent in 2009) and separate actively managed accounts (60 percent in 2011, 85 percent in 2010 and 25 percent in 2009).
- (f) Primarily funds invested by managers that have a global mandate with the flexibility to allocate capital broadly across a wide range of asset classes and strategies including, but not limited to equities, fixed income, commodities, interest rate futures, currencies and other securities to outperform an agreed upon benchmark with specific return and volatility targets.

Equities that are valued using quoted prices are valued at the published market prices. Equities in a common collective trust or a registered investment company that are valued using significant other observable inputs are valued at the net asset value (NAV) provided by the fund administrator. The NAV is based on the value of the underlying assets owned by the fund minus its liabilities. Fixed income securities that are valued using significant other observable inputs are valued at prices obtained from independent financial service industry-recognized vendors. Absolute return funds and commodities are valued at the NAV provided by the fund administrator.

The following table summarizes the change in the value of assets that are measured using significant unobservable inputs:

	<u>2011</u>	<u>2010</u>	<u>2009</u>
	(dollars in millions)		
January 1	\$ 22	\$ 1	\$ —
Transfers in from other categories	3	—	—
Actual return on plan assets on hand at year end	(1)	1	—
Purchases, sales and settlements, net	3	20	1
December 31	<u>\$ 27</u>	<u>\$ 22</u>	<u>\$ 1</u>

The investment mix of equity securities, fixed income and other asset allocation strategies is based upon achieving a desired return, balancing higher return, more volatile equity securities, and lower return, less volatile fixed income securities. Investment allocations are made across a range of markets, industry sectors, capitalization sizes, and in the case of fixed income securities, maturities and credit quality. There are no known significant concentrations of risk in the plans' assets.

The plans' expected return on assets, as shown above, is based on management's expectations of long-term average rates of return to be achieved by the underlying investment portfolios. In establishing this assumption, management considers historical and expected returns for the asset classes in which the plans are invested, as well as current economic and capital market conditions.

## The Research-Based Pharmaceuticals Business of Abbott Laboratories

## Notes to Combined Financial Statements (Continued)

## Note 6—Post-Employment Benefits (Continued)

Total benefit payments expected to be paid to participants, which includes payments funded from company assets as well as paid from the plans, are as follows:

	(dollars in millions)
2012	\$ 36
2013	36
2014	37
2015	38
2016	39
2017 to 2021	209

## Note 7—Segment and Geographic Area Information

AbbVie operates in one business segment—pharmaceutical products. Substantially all of AbbVie's U.S. sales are to three wholesalers. Outside the U.S., products are sold primarily to health care providers or through distributors, depending on the market served. Net sales of key products were as follows:

	Year Ended December 31		
	2011	2010	2009
	(dollars in millions)		
HUMIRA	\$ 7,932	\$ 6,508	\$ 5,562
TriCor/Trilipix	1,372	1,355	1,337
Kaletra	1,170	1,223	1,373
Niaspan	976	927	855
AndroGel	874	649	—
Lupron	810	741	803
Synagis	792	726	702
Sevoflurane	665	664	721
Synthroid	522	451	415
Norvir	419	344	349
Zemplar	409	596	700
Creon	332	246	—
All other	1,171	1,208	1,397
Combined Net Sales	<u>\$ 17,444</u>	<u>\$ 15,638</u>	<u>\$ 14,214</u>

## The Research-Based Pharmaceuticals Business of Abbott Laboratories

## Notes to Combined Financial Statements (Continued)

## Note 7—Segment and Geographic Area Information (Continued)

	Net Sales to External Customers(a)		
	2011	2010	2009
	(dollars in millions)		
United States	\$ 9,712	\$ 8,971	\$ 8,106
The Netherlands	904	845	717
Germany	701	635	656
Japan	616	484	347
Spain	569	515	508
France	516	479	462
United Kingdom	496	418	375
Italy	428	385	379
Canada	446	374	299
Brazil	382	287	169
All Other Countries	2,674	2,245	2,196
Combined Net Sales	\$ 17,444	\$ 15,638	\$ 14,214

(a) Sales by country are based on the country that sold the product.

Long-lived assets consisting of net property and equipment in the U.S. and Puerto Rico totaled approximately \$1.5 billion as of December 31, 2011.

## Note 8—Incentive Stock Program

Abbott maintains an incentive stock program for the benefit of its officers, directors, and certain employees, including certain AbbVie employees. The following disclosures represent the portion of Abbott's program in which AbbVie employees participate. All awards granted under the program consist of Abbott common shares. Accordingly, the amounts presented are not necessarily indicative of future performance and do not necessarily reflect the results that AbbVie would have experienced as an independent, publicly-traded company for the periods presented.

Abbott's 2009 Incentive Stock Program authorizes the granting of nonqualified stock options, replacement stock options, restricted stock awards, restricted stock units, performance awards, foreign benefits and other share-based awards. Stock options, replacement stock options and restricted stock awards and units comprise the majority of benefits that have been granted and are currently outstanding under this program and a prior program. The purchase price of shares under option must be at least equal to the fair market value of the common stock on the date of grant, and the maximum term of an option is 10 years. Options vest equally over three years except for replacement options, which vest in six months. Options granted before January 1, 2005 included a replacement feature. Except for options outstanding that have a replacement feature, options granted after December 31, 2004 do not include a replacement feature. When an employee tenders mature shares upon exercise of a stock option, a replacement stock option may be granted equal to the amount of shares tendered. Replacement options are granted at the then current market price for a term that expires on the date of the underlying option grant. Restricted stock awards generally vest between 3 and 5 years and for restricted stock awards that vest over 5 years, no more than one-third of the award vests in any one

## The Research-Based Pharmaceuticals Business of Abbott Laboratories

## Notes to Combined Financial Statements (Continued)

## Note 8—Incentive Stock Program (Continued)

year upon Abbott reaching a minimum return on equity target. Restricted stock units vest over three years and upon vesting, the recipient receives one share of Abbott stock for each vested restricted stock unit. The aggregate fair market value of restricted stock awards and units is recognized as expense over the service period. Upon a change in control of Abbott, all outstanding stock options become fully exercisable, and all terms and conditions of all restricted stock awards and units are deemed satisfied. The expected separation of AbbVie by Abbott will not be a change in control under the 2009 Incentive Stock Program.

With respect to AbbVie employees, the number of restricted stock awards and units outstanding and the weighted-average grant-date fair value at December 31, 2011 and December 31, 2010 was 4,709,800 and \$50.29 and 3,961,145 and \$54.13, respectively. The number of restricted stock awards and units, and the weighted-average grant-date fair value, that were granted, vested and lapsed during 2011 were 2,565,211 and \$46.84, 1,579,124 and \$54.10 and 237,432 and \$51.72, respectively. The fair market value of restricted stock awards and units vested in 2011, 2010 and 2009 was \$74 million, \$53 million and \$13 million, respectively.

The following table summarizes option activity and outstanding balances under Abbott's Incentive Stock Programs for AbbVie employees:

	Options Outstanding			Exercisable Options		
	Shares	Weighted Average Exercise Price	Weighted Average Remaining Life (Years)	Shares	Weighted Average Exercise Price	Weighted Average Remaining Life (Years)
December 31, 2010	33,419,902	\$ 49.71	4.2	30,682,120	\$ 49.24	4.0
Granted	569,781	49.73				
Exercised	(6,666,249)	48.30				
Lapsed	(1,540,491)	54.77				
December 31, 2011	25,782,943	\$ 49.77	4.1	25,177,777	\$ 49.74	4.0

The aggregate intrinsic value of options outstanding and exercisable at December 31, 2011 was \$167 million and \$164 million, respectively. The total intrinsic value of options exercised in 2011, 2010 and 2009 was \$31 million, \$20 million and \$31 million, respectively. The total unrecognized compensation cost related to all share-based compensation plans at December 31, 2011 amounted to approximately \$84 million which is expected to be recognized over the next three years.

Total non-cash compensation expense charged against income in 2011, 2010 and 2009 for share-based plans was approximately \$163 million, \$167 million and \$157 million, respectively, and the tax benefit recognized was approximately \$48 million, \$51 million and \$49 million, respectively. Compensation cost capitalized as part of inventory is not significant.

## The Research-Based Pharmaceuticals Business of Abbott Laboratories

## Notes to Combined Financial Statements (Continued)

## Note 8—Incentive Stock Program (Continued)

The fair value of an option granted in 2011, 2010 and 2009 was \$6.23, \$9.24 and \$9.28, respectively. The fair value of an option grant was estimated using the Black-Scholes option-pricing model with the following assumptions:

	2011	2010	2009
Risk-free interest rate	2.7%	2.9%	2.7%
Average life of options (years)	6.0	6.0	6.0
Volatility	21.0%	22.0%	22.0%
Dividend yield	4.1%	3.2%	3.0%

The risk-free interest rate is based on the rates available at the time of the grant for zero-coupon U.S. government issues with a remaining term equal to the option's expected life. The average life of an option is based on both historical and projected exercise and lapsing data. Expected volatility is based on implied volatilities from traded options on Abbott's stock and historical volatility of Abbott's stock over the expected life of the option. Dividend yield is based on the option's exercise price and annual dividend rate at the time of grant.

## Note 9—Business Combinations, Technology Acquisitions and Related Transactions

In February 2010, AbbVie acquired Solvay's U.S. pharmaceuticals business and certain other product rights for approximately \$1.9 billion, in cash, plus additional payments of up to EUR 100 million per year if certain sales milestones are met in 2011, 2012 and 2013. Contingent consideration of approximately \$290 million was recorded. The acquisition of the Solvay business provides AbbVie with a complementary pharmaceutical product portfolio including the U.S. rights to AndroGel and Creon, worldwide rights to Duodopa, and various research and development projects. AbbVie acquired control of this business on February 15, 2010 and the financial results of the acquired operations are included in these financial statements beginning on that date. Net sales for the acquired operations were approximately \$1.1 billion for 2010. If the acquisition had taken place on January 1, 2009, AbbVie's 2009 net sales would have increased by approximately \$1 billion and net earnings would not have been significantly different from the reported amount with the inclusion of intangible amortization, as well as acquisition, integration and restructuring expenses. The acquisition was funded with cash and short-term investments. The allocation of the fair value of the acquisition is shown in the table below.

	(in billions of dollars)	
Acquired intangible assets, non-deductible	\$	1.8
Goodwill, non-deductible		0.4
Acquired in-process research and development, non-deductible		0.5
Deferred income taxes recorded at acquisition		(0.5)
Total allocation of fair value	\$	2.2

Acquired intangible assets consist primarily of product rights for currently marketed products and are amortized over 2 to 13 years (average of 8 years). Acquired in-process research and development



## The Research-Based Pharmaceuticals Business of Abbott Laboratories

## Notes to Combined Financial Statements (Continued)

**Note 9—Business Combinations, Technology Acquisitions and Related Transactions (Continued)**

projects are accounted for as indefinite lived intangible assets until regulatory approval or discontinuation.

In April 2010, AbbVie acquired the outstanding shares of Facet Biotech Corporation (Facet) for approximately \$430 million, in cash, net of cash held by Facet. The acquisition enhances AbbVie's early-and mid-stage pharmaceutical pipeline, including daclizumab, a biologic for multiple sclerosis and an oncology compound. A substantial portion of the fair value of the acquisition, including \$381 million for daclizumab, has been allocated to acquired in-process research and development projects that are accounted for as indefinite-lived intangible assets until regulatory approval or discontinuation.

Except for the acquisition of the Solvay pharmaceuticals business, had the above acquisitions taken place on January 1 of the previous year, combined net sales and income would not have been significantly different from reported amounts.

During 2010 and 2011, AbbVie entered into a series of transactions with Reata Pharmaceuticals which included (1) a collaboration agreement for the joint development and commercialization of second generation oral antioxidant inflammation modulators resulting in a charge to acquired in-process and collaborations research and development of \$400 million in 2011, (2) an agreement to acquire licensing rights outside the U.S., excluding certain Asian markets, to a product in development for the treatment of chronic kidney disease resulting in a charge to acquired in-process and collaborations research and development of \$238 million in 2010 and (3) the acquisition of equity interests in Reata of \$62 million each in 2011 and 2010. In 2011, certain milestones were achieved in the development for the treatment of chronic kidney disease and charges to acquired in-process and collaborations research and development of \$188 million were recorded. In the first quarter of 2012, \$50 million of research and development expense was recorded related to the achievement of a clinical development milestone under this agreement. Additional payments of up to \$200 million could be required for the achievement of certain development and regulatory milestones associated with the chronic kidney disease compound in development.

In 2011, AbbVie entered into an agreement with Biotest AG to develop and commercialize a treatment for rheumatoid arthritis and psoriasis resulting in a charge to acquired in-process and collaborations research and development of \$85 million. Additional payments totaling up to \$395 million based on projected regulatory approval timelines could be required for the achievement of certain development, regulatory and commercial milestones under this agreement. In 2010, AbbVie entered into an agreement with Neurocrine Biosciences to develop and commercialize a product for the treatment of endometriosis resulting in a charge to acquired in-process and collaborations research and development of \$75 million. Additional payments of approximately \$500 million could be required for the achievement of certain development, regulatory and commercial milestones under this agreement. In 2009, AbbVie acquired the global rights to a novel biologic for the treatment of chronic pain for \$170 million resulting in a charge to acquired in-process and collaborations research and development.

**Note 10—Financial Instruments, Derivatives and Fair Value Measures**

Various AbbVie 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, totaling

## The Research-Based Pharmaceuticals Business of Abbott Laboratories

## Notes to Combined Financial Statements (Continued)

## Note 10—Financial Instruments, Derivatives and Fair Value Measures (Continued)

\$249 million and \$364 million at December 31, 2011 and 2010, respectively, are designated as cash flow hedges of the variability of the cash flows due to changes in foreign exchange rates and are recorded at fair value. Accumulated gains and losses as of December 31, 2011 will be included in Cost of products sold at the time the products are sold, generally through the next twelve months. The amount of hedge ineffectiveness was not significant in 2011, 2010 and 2009.

AbbVie enters into foreign currency forward exchange contracts to manage its exposure to foreign currency denominated 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, 2011 and 2010, AbbVie held \$3.0 billion and \$2.6 billion, respectively, of such foreign currency forward exchange contracts.

Gross unrealized holding gains (losses) on available-for-sale equity securities totaled \$44 million and \$(2) million, respectively, at December 31, 2011 and \$15 million and \$(1) million, respectively, at December 31, 2010.

The following table summarizes the amounts and location of certain derivative financial instruments as of December 31:

	Fair Value—Assets			Fair Value—Liabilities		
	2011	2010	Balance Sheet Caption	2011	2010	Balance Sheet Caption
Foreign currency forward exchange contracts—						
Hedging instruments	\$ 18	\$ —	Other prepaid expenses and	\$ —	\$ 8	Other accrued liabilities
Others not designated as hedges	21	10	receivables	43	22	
	\$ 39	\$ 10		\$ 43	\$ 30	

The following table summarizes the activity for foreign currency forward exchange contracts and the amounts and location of income (expense) and gain (loss) reclassified into income and for certain other derivative financial instruments. The amount of hedge ineffectiveness was not significant in 2011, 2010 and 2009 for forward contracts designated as hedges.

	Gain (loss) Recognized in Other Comprehensive Income (loss)			Income (expense) and Gain (loss) Reclassified into Income			Income Statement Caption
	2011	2010	2009	2011	2010	2009	
Foreign currency forward exchange contracts designated as cash flow hedges	\$ (2)	\$ 75	\$ 23	\$ 18	\$ 45	\$ (8)	Cost of products sold
Foreign currency forward exchange contracts not designated as hedges	n/a	n/a	n/a	30	30	(19)	Net foreign exchange (gain) loss

The carrying values and fair values of certain financial instruments as of December 31 are shown in the table below. The carrying values of all other financial instruments approximate their estimated

## The Research-Based Pharmaceuticals Business of Abbott Laboratories

## Notes to Combined Financial Statements (Continued)

## Note 10—Financial Instruments, Derivatives and Fair Value Measures (Continued)

fair values. The counterparties to financial instruments consist of select major international financial institutions. AbbVie does not expect any losses from nonperformance by these counterparties.

	2011		2010	
	Carrying Value	Fair Value (dollars in millions)	Carrying Value	Fair Value
Long-term Investment Securities—Equity securities	\$ 229	\$ 229	\$ 137	\$ 137
Foreign Currency Forward Exchange Contracts:				
Receivable position	39	39	10	10
(Payable) position	(43)	(43)	(30)	(30)

The following table summarizes the bases used to measure certain assets and liabilities at fair value on a recurring basis in the balance sheet:

	Outstanding Balances	Basis of Fair Value Measurement		
		Quoted Prices in Active Markets	Significant Other Observable Inputs	Significant Unobservable Inputs
(dollars in millions)				
December 31, 2011:				
Equity securities	\$ 58	\$ 58	\$ —	\$ —
Foreign currency forward exchange contracts	39	—	39	—
Total Assets	\$ 97	\$ 58	\$ 39	\$ —
Foreign currency forward exchange contracts	\$ 43	\$ —	\$ 43	\$ —
Contingent consideration related to business combinations	349	—	—	349
Total Liabilities	\$ 392	\$ —	\$ 43	\$ 349
December 31, 2010:				
Equity securities	\$ 35	\$ 35	\$ —	\$ —
Foreign currency forward exchange contracts	10	—	10	—
Total Assets	\$ 45	\$ 35	\$ 10	\$ —
Foreign currency forward exchange contracts	\$ 30	\$ —	\$ 30	\$ —
Contingent consideration related to business combinations	295	—	—	295
Total Liabilities	\$ 325	\$ —	\$ 30	\$ 295

## The Research-Based Pharmaceuticals Business of Abbott Laboratories

## Notes to Combined Financial Statements (Continued)

## Note 10—Financial Instruments, Derivatives and Fair Value Measures (Continued)

The fair value of the contingent consideration was determined with the assistance of an independent appraisal and was adjusted for the time value of money, exchange and other changes in fair value.

## Note 11—Goodwill and Intangible Assets

Foreign currency translation and other adjustments decreased goodwill by approximately \$98 million in 2011. AbbVie recorded goodwill of approximately \$532 million in 2010 related to the acquisitions of Solvay's U.S. pharmaceuticals business and Facet Biotech. Foreign currency translation decreased goodwill by approximately \$174 million in 2010. There were no reductions of goodwill relating to impairments or disposal of all or a portion of a business.

The following table summarizes AbbVie's intangible assets:

(dollars in millions)	December 31, 2011			December 31, 2010		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
<b>Finite-lived intangible assets</b>						
Developed product rights	\$ 4,675	\$ 2,492	\$ 2,183	\$ 4,307	\$ 1,758	\$ 2,549
License agreements	949	647	302	949	565	384
<b>Total Finite-lived Intangible Assets</b>	<b>\$ 5,624</b>	<b>\$ 3,139</b>	<b>\$ 2,485</b>	<b>\$ 5,256</b>	<b>\$ 2,323</b>	<b>\$ 2,933</b>
<b>Indefinite-lived intangible assets</b>						
In-Process research and development	425	—	425	758	—	758
<b>Total Intangible Assets</b>	<b>\$ 6,049</b>	<b>\$ 3,139</b>	<b>\$ 2,910</b>	<b>\$ 6,014</b>	<b>\$ 2,323</b>	<b>\$ 3,691</b>

The indefinite-lived intangible assets relate to in-process research and development acquired in a business combination and include \$381 million for the daclizumab asset recorded as part of the 2010 Facet acquisition. In 2011, AbbVie recorded impairment charges of \$46 million due to the discontinuation of certain projects under development. These charges are included in research and development expenses. The estimated annual amortization expense for intangible assets recorded at December 31, 2011 is approximately \$565 million in 2012, \$435 million in 2013, \$300 million in 2014, \$245 million in 2015 and \$180 million in 2016. Intangible asset amortization is included in cost of products sold in the combined statement of earnings. Amortizable intangible assets are amortized over 2 to 16 years (average 11 years for both developed product rights and license agreements).

## Note 12—Restructuring Plans

In 2011 and prior years, AbbVie management approved plans to realign its worldwide manufacturing operations and selected domestic and international commercial and research and development operations in order to reduce costs. In 2011 and 2009, AbbVie recorded charges of approximately \$160 million and \$27 million, respectively, reflecting employee severance and other related charges. Approximately \$42 million in 2011 is classified as cost of products sold, \$69 million as Research and development and \$49 million as Selling, general and administrative and approximately

## The Research-Based Pharmaceuticals Business of Abbott Laboratories

## Notes to Combined Financial Statements (Continued)

## Note 12—Restructuring Plans (Continued)

\$27 million in 2009 as Selling, general and administrative. The following summarizes the activity for these restructurings:

	<u>(dollars in millions)</u>
Accrued balance at January 1, 2009	\$ 77
2009 restructuring charges	27
Payments and other adjustments	<u>(50)</u>
Accrued balance at December 31, 2009	54
Payments and other adjustments	<u>(54)</u>
Accrued balance at December 31, 2010	—
2011 restructuring charges	160
Payments and other adjustments	<u>(70)</u>
Accrued balance at December 31, 2011	<u>\$ 90</u>

An additional \$26 million, \$7 million and \$7 million were subsequently recorded in 2011, 2010 and 2009, respectively, relating to these restructurings, primarily for accelerated depreciation.

In 2010, AbbVie management approved a restructuring plan primarily related to the acquisition of Solvay's U.S. pharmaceuticals business. This plan streamlines operations, improves efficiencies and reduces costs in certain Solvay sites and functions as well as in certain AbbVie and Solvay commercial organizations in various countries. In 2010, AbbVie recorded charges to Cost of products sold, Research and development and Selling, general and administrative of approximately \$6 million, \$126 million and \$15 million, respectively. The following summarizes the employee severance activity for this restructuring:

	<u>(dollars in millions)</u>
2010 employee severance charge	\$ 147
Payments and other adjustments	<u>(35)</u>
Accrued balance at December 31, 2010	112
Payments and other adjustments	<u>(92)</u>
Accrued balance at December 31, 2011	<u>\$ 20</u>

An additional \$27 million and \$17 million was recorded in 2011 and 2010, respectively, relating to this restructuring, primarily for accelerated depreciation and asset impairments.

## Note 13—Related Party Transactions

Abbott provides AbbVie certain services, which include administration of treasury, payroll, employee compensation and benefits, travel and meeting services, public and investor relations, real estate services, internal audit, telecommunications, information technology, corporate income tax and selected legal services. Some of these services will be provided to AbbVie on a temporary basis after the distribution. The financial information in these combined financial statements does not necessarily include all the expenses that would have been incurred had AbbVie been a separate, stand-alone entity.

The Research-Based Pharmaceuticals Business of Abbott Laboratories

Notes to Combined Financial Statements (Continued)

**Note 13—Related Party Transactions (Continued)**

As such, the financial information herein may not necessarily reflect the combined financial position, results of operations and cash flows of AbbVie in the future or what they would have been had AbbVie been a separate, stand-alone entity during the periods presented. Management believes that the methods used to allocate expenses to AbbVie are reasonable. The allocation methods include relative sales, headcount, square footage, number of transactions or other measures. These allocations totaled \$801 million, \$677 million and \$657 million for the years ended December 31, 2011, 2010 and 2009, respectively.

**Note 14—Subsequent Events**

AbbVie evaluated subsequent events for recognition or disclosure through June 4, 2012, the date the combined financial statements were available to be issued.

## The Research-Based Pharmaceuticals Business of Abbott Laboratories

## Condensed Combined Statement of Earnings

(Unaudited)

(dollars in thousands)

	Nine Months Ended September 30	
	2012	2011
Net Sales	\$ 13,174,205	\$ 12,579,888
Cost of products sold	3,242,673	3,463,330
Research and development	2,096,779	1,842,377
Acquired in-process and collaborations research and development	260,000	272,500
Selling, general and administrative	3,578,643	4,759,788
Total Operating Cost and Expenses	9,178,095	10,337,995
Operating Earnings	3,996,110	2,241,893
Net foreign exchange (gain) loss	27,119	(32,559)
Other (income) expense, net	(43,092)	(36,175)
Earnings Before Taxes	4,012,083	2,310,627
Taxes on Earnings	276,725	35,062
Net Earnings	\$ 3,735,358	\$ 2,275,565

The accompanying notes to condensed combined financial statements are an integral part of this statement.

## The Research-Based Pharmaceuticals Business of Abbott Laboratories

## Condensed Combined Statement of Comprehensive Income

(Unaudited)

(dollars in thousands)

	Nine Months Ended September 30	
	2012	2011
Net Earnings	\$ 3,735,358	\$ 2,275,565
Foreign currency translation (loss) gain adjustments	(2,695)	180,372
Amortization of net actuarial losses and prior service cost, net of taxes of \$1,033 in 2012 and \$367 in 2011	1,634	580
Unrealized (losses) gains on marketable equity securities, net of taxes of \$(8,692) in 2012 and \$4,025 in 2011	(15,056)	6,973
Net adjustments for derivative instruments designated as cash flow hedges, net of taxes of \$(1,703) in 2012 and \$(17,172) in 2011	(3,385)	(67,452)
Other comprehensive (loss) income	(19,502)	120,473
Comprehensive Income	\$ 3,715,856	\$ 2,396,038
	September 30 2012	December 31 2011
Supplemental Accumulated Other Comprehensive Income Information, net of tax:		
Cumulative foreign currency translation (gain) adjustments	\$ (5,741)	\$ (8,436)
Net actuarial losses and prior service cost	183,817	65,201
Cumulative unrealized (gains) on marketable equity securities	(11,308)	(26,364)
Cumulative (gains) on derivative instruments designated as cash flow hedges	(1,850)	(5,235)

The accompanying notes to condensed combined financial statements are an integral part of this statement.



## The Research-Based Pharmaceuticals Business of Abbott Laboratories

## Condensed Combined Statement of Cash Flows

(Unaudited)

(dollars in thousands)

	Nine Months Ended September 30	
	2012	2011
Cash Flow From (Used in) Operating Activities:		
Net earnings	\$ 3,735,358	\$ 2,275,565
Adjustments to reconcile earnings to net cash from operating activities—		
Depreciation	351,653	368,719
Amortization of intangible assets	489,487	578,599
Share-based compensation	155,541	122,527
Acquired in-process and collaborations research and development	260,000	272,500
Trade receivables	713,068	133,041
Inventories	(99,258)	(12,037)
Other, net	(202,376)	1,459,282
Net Cash From Operating Activities	<u>5,403,473</u>	<u>5,198,196</u>
Cash Flow From (Used in) Investing Activities:		
Acquisitions of businesses and technologies	(780,849)	(272,500)
Acquisitions of property and equipment	(238,460)	(251,105)
Release of restricted funds	—	1,870,000
Purchases of investment securities, net	(1,193,545)	(1,302,439)
Other	600	120
Net Cash (Used in) From Investing Activities	<u>(2,212,254)</u>	<u>44,076</u>
Cash Flow (Used in) Financing Activities:		
Capital lease transactions	(12,205)	(10,675)
Net transactions with Abbott Laboratories	(445,508)	(5,211,259)
Net Cash (Used in) Financing Activities	<u>(457,713)</u>	<u>(5,221,934)</u>
Net Increase in Cash and Cash Equivalents	2,733,506	20,338
Cash and Cash Equivalents, Beginning of Year	27,482	9,644
Cash and Cash Equivalents, End of Period	<u>\$ 2,760,988</u>	<u>\$ 29,982</u>

The accompanying notes to condensed combined financial statements are an integral part of this statement.

## The Research-Based Pharmaceuticals Business of Abbott Laboratories

## Condensed Combined Balance Sheet

(Unaudited)

(dollars in thousands)

	September 30 2012	December 31 2011
<b>Assets</b>		
Current Assets:		
Cash and cash equivalents	\$ 2,760,988	\$ 27,482
Investments, primarily U.S. treasury bills and bank deposits	1,824,617	626,099
Trade receivables, less allowances of—2012: \$139,680; 2011: \$160,832	3,097,510	3,817,486
Inventories:		
Finished products	590,573	428,286
Work in process	180,829	207,229
Materials	187,476	236,067
Total inventories	958,878	871,582
Deferred income taxes, prepaid expenses and other receivables	2,288,746	2,011,506
Total Current Assets	10,930,739	7,354,155
Investments, primarily equity securities	202,619	229,342
Property and Equipment, at Cost	6,308,398	5,947,710
Less: accumulated depreciation and amortization	4,169,500	3,803,510
Net Property and Equipment	2,138,898	2,144,200
Intangible Assets, net of amortization	2,431,057	2,910,167
Goodwill	6,092,202	6,099,652
Deferred Income Taxes and Other Assets	934,464	919,650
Total Assets	<u>\$ 22,729,979</u>	<u>\$ 19,657,166</u>
<b>Liabilities and Net Parent Company Investment in AbbVie</b>		
Current Liabilities:		
Trade accounts payable	\$ 423,907	\$ 417,030
Salaries, wages and commissions	520,460	434,964
Accrued sales rebates	1,697,849	1,536,826
Other accrued liabilities	2,725,676	3,507,858
Total Current Liabilities	5,367,892	5,896,678
Long-term Liabilities	1,693,251	1,536,775
Commitments and Contingencies		
Net parent company investment in AbbVie	15,833,754	12,248,879
Accumulated other comprehensive income (loss)	(164,918)	(25,166)
Total Parent Company Equity	15,668,836	12,223,713
Total Liabilities and Net Parent Company Investment in AbbVie	<u>\$ 22,729,979</u>	<u>\$ 19,657,166</u>

The accompanying notes to condensed combined financial statements are an integral part of this statement.

## The Research-Based Pharmaceuticals Business of Abbott Laboratories

## Condensed Combined Statement of Investment in AbbVie

(Unaudited)

(dollars in thousands)

	Nine Months Ended September 30	
	2012	2011
Beginning balance	\$ 12,223,713	\$ 15,702,999
Net earnings	3,735,358	2,275,565
Net transactions with Abbott	(150,483)	(5,088,732)
Other comprehensive (loss) income	(19,502)	120,473
Decrease in other comprehensive income due to pension plan transfer	(120,250)	—
Ending balance	<u>\$ 15,668,836</u>	<u>\$ 13,010,305</u>

The accompanying notes to condensed combined financial statements are an integral part of this statement.

## The Research-Based Pharmaceuticals Business of Abbott Laboratories

## Notes to Condensed Combined Financial Statements

September 30, 2012

(Unaudited)

**Note 1—Basis of Presentation**

The financial data presented herein is unaudited and should be read in conjunction with the combined financial statements and accompanying notes as of December 31, 2011 and 2010 and for the three years ended December 31, 2011, 2010 and 2009 included elsewhere in this information statement. In the opinion of management, the financial data presented includes all adjustments necessary to present fairly the financial position, results of operations and cash flows for the interim periods presented. Results for interim periods should not be considered indicative of results for the full year.

The principal business of AbbVie is the discovery, development, manufacture and sale of a broad line of proprietary pharmaceutical products. Substantially all of AbbVie's U.S. sales are to three wholesalers. Outside the U.S., products are sold primarily to health care providers or through distributors, depending on the market served.

On October 19, 2011, Abbott Laboratories (Abbott) announced its plan to separate into two independent public companies, one in diversified medical products and the other in research-based pharmaceuticals. To accomplish this separation, Abbott created AbbVie Inc. to be the parent company for the research-based pharmaceuticals business. AbbVie Inc. was incorporated in Delaware on April 10, 2012 and is currently a wholly owned subsidiary of Abbott. To effect the separation, Abbott will make a pro rata distribution of AbbVie Inc.'s common stock to Abbott's shareholders. The distribution is subject to a number of conditions, including the receipt of a private letter ruling from the Internal Revenue Service to the effect that, among other things, the distribution will qualify as a tax-free transaction for U.S. federal income tax purposes. After the distribution, AbbVie Inc. will operate as an independent, publicly-traded company.

The accompanying condensed combined financial statements have been prepared on a stand-alone basis and are derived from Abbott's consolidated financial statements and accounting records. The condensed combined financial statements reflect AbbVie's financial position, results of operations, and cash flows as its business was operated as part of Abbott prior to the distribution, in conformity with U.S. generally accepted accounting principles.

The condensed combined financial statements include the allocation of certain assets and liabilities that have historically been held at the Abbott corporate level but which are specifically identifiable or allocable to AbbVie. Cash and cash equivalents and short-term investment securities held by Abbott were not allocated to AbbVie unless the cash or short-term investment securities were held by an entity that will be transferred to AbbVie. All intracompany transactions and accounts have been eliminated. All intercompany transactions between AbbVie and Abbott are considered to be effectively settled in the combined financial statements at the time the transactions are recorded. The total net effect of the settlement of these intercompany transactions is reflected in the condensed combined statement of cash flow as a financing activity and in the condensed combined balance sheet as Net parent company investment in AbbVie.

AbbVie's condensed combined financial statements include an allocation of expenses related to certain Abbott corporate functions, including senior management, legal, human resources, finance, information technology, and quality assurance. These expenses have been allocated to AbbVie based on direct usage or benefit where identifiable, with the remainder allocated on a pro rata basis of revenues,

## The Research-Based Pharmaceuticals Business of Abbott Laboratories

## Notes to Condensed Combined Financial Statements (Continued)

September 30, 2012

(Unaudited)

**Note 1—Basis of Presentation (Continued)**

headcount or other measures. AbbVie considers the expense allocation methodology and results to be reasonable for all periods presented. However, the allocations may not be indicative of the actual expense that would have been incurred had AbbVie operated as an independent, publicly-traded company for the periods presented.

Abbott maintains various benefit and stock-based compensation plans at a corporate level and other benefit plans at an international entity level. AbbVie employees participate in those programs and a portion of the cost of those plans is included in AbbVie's financial statements. However, AbbVie's condensed combined balance sheet does not include any equity related to stock-based compensation plans or any net benefit plan obligations unless the benefit plan is direct to or sponsored by AbbVie. See Note 7 and Note 5 for a further description of the accounting for stock-based compensation and benefit plans.

**Note 2—Supplemental Financial Information**

Other accrued liabilities as of September 30, 2012 includes approximately \$800 million related to a government investigation and \$314 million for royalties. Other accrued liabilities as of December 31, 2011 includes \$1.5 billion related to a government investigation, \$400 million for acquired in-process research and development and \$417 million for royalties. Other, net in Net cash from operating activities for nine months ended September 30, 2012 includes payments of approximately \$800 million to settle certain government investigations which was partially offset by increases in other accrued liabilities, primarily related to restructuring activities and the timing of various payments. Other, net in Net cash from operating activities for 2011 includes the non-cash impact of a litigation accrual of \$1.5 billion. In preparation for the separation and in connection with the formation of new AbbVie legal entities, Abbott transferred approximately \$148 million of property and equipment to AbbVie in the first nine months of 2012. These transfers, primarily related to information technology assets and building equipment previously held by Abbott's corporate functions, are reflected as a non-cash transaction with Abbott Laboratories in the Condensed Combined Statement of Investment in AbbVie. In addition, in the third quarter of 2012, Abbott transferred \$130 million of pension liabilities, \$120 million of accumulated other comprehensive loss, and \$1 million of associated prepaid income taxes as two plans were separated in connection with the formation of AbbVie legal entities. This transfer is further described in Note 5. The \$9 million net impact of this transfer is reflected in net transactions with Abbott in the Condensed Combined Statement of Investment in AbbVie.

**Note 3—Taxes on Earnings**

Taxes on earnings have been calculated on a separate tax return basis although AbbVie's operations have historically been included in the tax returns filed by the respective Abbott entities of which the AbbVie business is a part. In the future, as a stand-alone entity, AbbVie will file tax returns on its own behalf and its deferred taxes and effective tax rate may differ from those in the historical periods.

## The Research-Based Pharmaceuticals Business of Abbott Laboratories

## Notes to Condensed Combined Financial Statements (Continued)

September 30, 2012

(Unaudited)

**Note 3—Taxes on Earnings (Continued)**

In the third quarter of 2012, taxes on earnings reflect the recognition of \$190 million of tax benefits as a result of the favorable resolution of various tax positions pertaining to a prior year. In 2011, taxes on earnings reflect the recognition of \$445 million of tax benefits as a result of the favorable resolution of various tax positions pertaining to prior years. Exclusive of these discrete items, taxes on earnings reflect the estimated annual effective rates which are less than the statutory U.S. federal income tax rate principally due to the benefit of lower statutory tax rates and tax exemptions in foreign taxing jurisdictions.

**Note 4—Litigation**

There are a number of patent disputes with third parties who claim AbbVie's products infringe their patents. On February 21, 2012, the United States Supreme Court denied Centocor Inc.'s and New York University's petition to review a February 2011 Federal Circuit Court of Appeals decision reversing a \$1.67 billion judgment in favor of Centocor and New York University on a patent they claimed AbbVie's HUMIRA infringed. This decision concludes the case.

The United States Department of Justice, through the United States Attorney for the Western District of Virginia, and various state Attorneys General investigated AbbVie's sales and marketing activities for Depakote. The government sought to determine whether any of these activities violated civil and/or criminal laws, including the Federal False Claims Act, the Food, Drug and Cosmetic Act, and the Anti-Kickback Statute in connection with Medicare and/or Medicaid reimbursement to third parties. The state Attorneys General offices sought to determine whether any of these activities violated various state laws, including state consumer fraud/protection statutes. AbbVie recorded charges of \$1.5 billion in the third quarter of 2011 and \$100 million in the first quarter of 2012 related to civil and criminal claims arising from this matter. In May 2012, AbbVie reached resolution of all Depakote-related federal claims, Medicaid-related claims with 49 states and the District of Columbia, and consumer protection claims with 45 states and the District of Columbia. In the second quarter of 2012, AbbVie paid approximately \$800 million of the settlement and the remainder was paid in October 2012. The payments are material to AbbVie's cash flows in 2012.

The recorded accrual balance at September 30, 2012 consists primarily of the unpaid portion of the Depakote settlement. Within the next year, other legal proceedings may occur that may result in a change in the estimated loss accrued by AbbVie. While it is not feasible to predict the outcome of all other proceedings and exposures with certainty, management believes that their ultimate disposition should not have a material adverse effect on AbbVie's financial position, cash flows, or results of operations.

**Note 5—Post-Employment Benefits**

AbbVie employees participate in defined benefit pension and other postretirement plans sponsored by Abbott Laboratories, which include participants from Abbott Laboratories' other businesses. Such plans are accounted for as multiemployer benefit plans. As a result, no asset or liability was recorded by AbbVie to recognize the funded status of these plans. AbbVie recorded expense of \$148 million and

## The Research-Based Pharmaceuticals Business of Abbott Laboratories

## Notes to Condensed Combined Financial Statements (Continued)

September 30, 2012

(Unaudited)

**Note 5—Post-Employment Benefits (Continued)**

\$113 million for the nine months ended September 30, 2012 and 2011, respectively, for Abbott's allocation of pension and other postretirement benefit costs related to AbbVie's employees. As of September 30, 2012 and December 31, 2011 there were no required contributions outstanding.

As of December 31, 2011, such multiemployer defined benefit pension plans were approximately 99 percent funded. The most significant shared defined benefit pension plan is the Abbott Laboratories Annuity Retirement Plan. AbbVie's active employees represent approximately 40 percent of total active participants in the Abbott Laboratories Annuity Retirement Plan. In the first quarters of 2012 and 2011, Abbott Laboratories made voluntary contributions to the Abbott Laboratories Annuity Retirement Plan of \$200 million each quarter.

As of December 31, 2011, the multiemployer other postretirement benefits plans were approximately 24 percent funded. The Abbott Laboratories Postretirement Retiree Health Care Plan represents the most significant shared other postretirement benefits plan. The benefits accrued by AbbVie employees represent approximately 43 percent of the total liabilities of the Abbott Laboratories Retiree Health Care Plan. In the first quarters of 2012 and 2011, Abbott Laboratories made voluntary contributions to the Abbott Laboratories Retiree Health Care Plan of \$40 million each quarter.

In conjunction with the separation of AbbVie from Abbott, the liabilities and assets of the domestic and international benefit plans will be split between AbbVie and Abbott according to local regulations, if any, governing the transfer of plan assets and liabilities.

Apart from AbbVie's participation in the defined benefit pension and other postretirement benefit plans sponsored by Abbott, AbbVie is the sole sponsor for certain German and U.S. defined benefit pension plans. Information for AbbVie's major defined benefit plans for the nine months ended September 30 is as follows:

	<u>2012</u>	<u>2011</u>
	(dollars in millions)	
Service cost—benefits earned during the period	\$ 13	\$ 13
Interest cost on projected benefit obligations	25	25
Expected return on plans' assets	(17)	(16)
Net amortization	3	1
Net cost	<u>\$ 24</u>	<u>\$ 23</u>

In connection with the formation of new AbbVie legal entities, Abbott transferred the liabilities and assets of certain defined benefit pension plans in Germany and Puerto Rico in the third quarter of 2012. The projected benefit obligations and plan assets of the transferred plans totaled \$337 million and \$207 million respectively.

## The Research-Based Pharmaceuticals Business of Abbott Laboratories

## Notes to Condensed Combined Financial Statements (Continued)

September 30, 2012

(Unaudited)

## Note 6—Segment and Geographic Area Information

AbbVie operates in one business segment—pharmaceutical products. Substantially all of AbbVie's U.S. sales are to three wholesalers. Outside the U.S., products are sold primarily to health care providers or through distributors, depending on the market served. Net sales of key products were as follows:

	Nine Months Ended	
	September 30	
	2012	2011
	(dollars in millions)	
HUMIRA	\$ 6,585	\$ 5,754
TriCor/Trilipix	897	963
Kaletra	763	882
Niaspan	634	718
AndroGel	787	615
Lupron	589	602
Synagis	506	463
Sevoflurane	444	488
Synthroid	383	387
Norvir	280	282
Zemplar	276	306
Creon	248	230
All other	782	890
Combined Net Sales	\$ 13,174	\$ 12,580

## Note 7—Incentive Stock Program

Abbott maintains an incentive stock program for the benefit of its officers, directors, and certain employees, including certain AbbVie employees. The following disclosures represent the portion of Abbott's program in which AbbVie employees participate. All awards granted under the program consist of Abbott common shares. Accordingly, the amounts presented are not necessarily indicative of future performance and do not necessarily reflect the results that AbbVie would have experienced as an independent, publicly-traded company for the periods presented. Information regarding the number of options outstanding and exercisable at September 30, 2012 is as follows:

	Outstanding	Exercisable
Number of shares	14,737,691	13,738,066
Weighted average remaining life (years)	3.8	3.7
Weighted average exercise price	\$ 50.58	\$ 49.95
Aggregate intrinsic value (in millions)	\$ 258	\$ 256

The total unrecognized share-based compensation cost at September 30, 2012 amounted to approximately \$117 million which is expected to be recognized over the next three years.



## The Research-Based Pharmaceuticals Business of Abbott Laboratories

## Notes to Condensed Combined Financial Statements (Continued)

September 30, 2012

(Unaudited)

**Note 8—Business and Technology Acquisitions**

In the second quarter of 2012, AbbVie recorded a charge to acquired in-process and collaborations research and development of \$110 million as a result of the acquisition of AP214, a drug under development for the prevention of acute kidney injury associated with major cardiac surgery in patients at increased risk. In the first quarter of 2012, AbbVie recorded a charge to acquired in-process and collaborations research and development of \$150 million as a result of entering into a global collaboration to develop and commercialize an oral, next-generation JAK1 inhibitor in Phase II development with the potential to treat multiple autoimmune diseases. Additional payments of approximately \$1.2 billion could be required for the achievement of certain development, regulatory and commercial milestones under this agreement. In the fourth quarter of 2011, AbbVie entered into a collaboration for the joint development and commercialization of second-generation oral antioxidant inflammation modulators resulting in a charge to acquired in-process and collaborations research and development of \$400 million which was paid in the first quarter of 2012. In connection with the acquisition of Solvay's U.S. pharmaceuticals business, the achievement of a certain sales milestone resulted in a payment of approximately \$134 million in the first quarter of 2012 for which a liability was previously established.

In 2010, AbbVie entered into an agreement to acquire licensing rights outside the U.S., excluding certain Asian markets, to a product in development for the treatment of chronic kidney disease. In the first and second quarters of 2011, certain milestones were achieved and charges to acquired in-process and collaborations research and development of \$100 million and \$88 million were recorded. In the first quarter of 2012, \$50 million of research and development expense was recorded related to the achievement of a clinical development milestone under this agreement. In addition, in the second quarter of 2011, AbbVie entered into an agreement to develop and commercialize a treatment of rheumatoid arthritis and psoriasis resulting in a charge to acquired in-process and collaborations research and development of \$85 million.

**Note 9—Financial Instruments, Derivatives and Fair Value Measures**

Various AbbVie 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. There were no contracts outstanding at September 30, 2012 and contracts totaling \$249 million were outstanding at December 31, 2011. These contracts are designated as cash flow hedges of the variability of the cash flows due to changes in foreign exchange rates and are recorded at fair value. Accumulated gains and losses as of September 30, 2012 will be included in Cost of products sold at the time the products are sold, generally through the next twelve months. The amount of hedge ineffectiveness was not significant in 2012 and 2011.

AbbVie enters into foreign currency forward exchange contracts to manage its exposure to foreign currency denominated 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 September 30, 2012 and December 31, 2011, AbbVie held \$3.2 billion and \$3.0 billion, respectively, of such foreign currency forward exchange contracts.

## The Research-Based Pharmaceuticals Business of Abbott Laboratories

## Notes to Condensed Combined Financial Statements (Continued)

September 30, 2012

(Unaudited)

## Note 9—Financial Instruments, Derivatives and Fair Value Measures (Continued)

The following table summarizes the amounts and location of certain derivative financial instruments as of September 30, 2012 and December 31, 2011:

	Fair Value—Assets			Fair Value—Liabilities		
	Sept. 30 2012	Dec. 31 2011	Balance Sheet Caption	Sept. 30 2012	Dec. 31 2011	Balance Sheet Caption
			(dollars in millions)			
Foreign currency forward exchange contracts—						
Hedging instruments	\$ —	\$ 18	Deferred income taxes,	\$ —	\$ —	Other accrued liabilities
Others not designated as hedges	21	21	prepaid expenses and other receivables	21	43	
	<u>\$ 21</u>	<u>\$ 39</u>		<u>\$ 21</u>	<u>\$ 43</u>	

The following table summarizes the activity for foreign currency forward exchange contracts and the amounts and location of income (expense) and gain (loss) reclassified into income in the first nine months of 2012 and 2011. The amount of hedge ineffectiveness was not significant in 2012 and 2011 for forward contracts designated as hedges.

	Gain (loss) Recognized in Other Comprehensive Income (loss)		Income (expense) and Gain (loss) Reclassified into Income		Income Statement Caption
	2012	2011	2012	2011	
	(dollars in millions)				
Foreign currency forward exchange contracts designated as cash flow hedges	\$ (3)	\$ (12)	\$ 16	\$ (2)	Cost of products sold
Foreign currency forward exchange contracts not designated as a hedge	n/a	n/a	(17)	33	Net foreign exchange loss (gain)

The carrying values and fair values of certain financial instruments as of September 30, 2012 and December 31, 2011 are shown in the table below. The carrying values of all other financial instruments approximate their estimated fair values. The counterparties to financial instruments consist of select

## The Research-Based Pharmaceuticals Business of Abbott Laboratories

## Notes to Condensed Combined Financial Statements (Continued)

September 30, 2012

(Unaudited)

## Note 9—Financial Instruments, Derivatives and Fair Value Measures (Continued)

major international financial institutions. AbbVie does not expect any losses from nonperformance by these counterparties.

	September 30 2012		December 31 2011	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Long-term Investments—Equity securities	\$ 203	\$ 203	\$ 229	\$ 229
Foreign Currency Forward Exchange Contracts:				
Receivable position	21	21	39	39
(Payable) position	(21)	(21)	(43)	(43)

The following table summarizes the bases used to measure certain assets and liabilities at fair value on a recurring basis in the balance sheet:

	Outstanding Balances	Basis of Fair Value Measurement		
		Quoted Prices in Active Markets	Significant Other Observable Inputs	Significant Unobservable Inputs
(dollars in millions)				
September 30, 2012:				
Equity securities	\$ 31	\$ 31	\$ —	\$ —
Foreign currency forward exchange contracts	21	—	21	—
Total Assets	\$ 52	\$ 31	\$ 21	\$ —
Foreign currency forward exchange contracts	\$ 21	\$ —	\$ 21	\$ —
Contingent consideration related to a business combination	241	—	—	241
Total Liabilities	\$ 262	\$ —	\$ 21	\$ 241
December 31, 2011:				
Equity securities	\$ 58	\$ 58	\$ —	\$ —
Foreign currency forward exchange contracts	39	—	39	—
Total Assets	\$ 97	\$ 58	\$ 39	\$ —
Foreign currency forward exchange contracts	\$ 43	\$ —	\$ 43	\$ —
Contingent consideration related to a business combination	349	—	—	349
Total Liabilities	\$ 392	\$ —	\$ 43	\$ 349

## The Research-Based Pharmaceuticals Business of Abbott Laboratories

## Notes to Condensed Combined Financial Statements (Continued)

September 30, 2012

(Unaudited)

## Note 9—Financial Instruments, Derivatives and Fair Value Measures (Continued)

The fair value of the contingent consideration was determined with the assistance of an independent appraisal and was adjusted for the time value of money, exchange, payments and other changes in fair value.

## Note 10—Goodwill and Intangible Assets

Foreign currency translation and other adjustments increased goodwill in the first nine months of 2011 by approximately \$91 million, while there were no significant changes in 2012. There were no reductions of goodwill relating to impairments or disposal of all or a portion of a business.

The following table summarizes AbbVie's intangible assets:

(dollars in millions)	September 30 2012			December 31 2011		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Finite-lived intangible assets—						
Developed product rights	\$ 4,681	\$ 2,916	\$ 1,765	\$ 4,675	\$ 2,492	\$ 2,183
License agreements	967	712	255	949	647	302
Total Finite-lived Intangible Assets	5,648	3,628	2,020	5,624	3,139	2,485
Indefinite-lived intangible assets—						
In-Process research and development	411	—	411	425	—	425
Total Intangible Assets	\$ 6,059	\$ 3,628	\$ 2,431	\$ 6,049	\$ 3,139	\$ 2,910

The indefinite-lived intangible assets relate to in-process research and development acquired in a business combination and include \$381 million for the daclizumab asset recorded as part of the 2010 Facet acquisition. The estimated annual amortization expense for intangible assets is approximately \$620 million in 2012, \$510 million in 2013, \$350 million in 2014, \$275 million in 2015 and \$140 million in 2016. Intangible asset amortization is included in cost of products sold in the combined statement of earnings. Amortizable intangible assets are amortized over 2 to 16 years (average 11 years for both developed product rights and license agreements).

## Note 11—Restructuring Plans

In 2012 and prior years, AbbVie management approved plans to realign its worldwide manufacturing operations and selected domestic and international commercial and research and development operations in order to reduce costs. In the third quarter 2012, AbbVie recorded a charge of approximately \$150 million for employee severance and contractual obligations, primarily related to the exit from a research and development facility. Approximately \$142 million is recorded as Research and development and \$8 million as Selling, general and administrative. In the first nine months of 2011, AbbVie recorded \$36 million to Cost of products sold, \$18 million to Research and development and

## The Research-Based Pharmaceuticals Business of Abbott Laboratories

## Notes to Condensed Combined Financial Statements (Continued)

September 30, 2012

(Unaudited)

**Note 11—Restructuring Plans (Continued)**

\$49 million to Selling, general and administrative. The following summarizes the activity for these restructurings:

	<u>2012</u>	<u>2011</u>
	(dollars in millions)	
Accrued balance at January 1	\$ 90	\$ —
Restructuring charges	150	103
Payments and other adjustments	(9)	(68)
Accrued balance at September 30	<u>\$ 231</u>	<u>\$ 35</u>

An additional \$56 million and \$7 million were recorded in the first nine months of 2012 and 2011, respectively, relating to these restructurings, primarily for accelerated depreciation, asset impairments and product transfer costs.

In 2010, AbbVie management approved restructuring plans primarily related to the acquisition of Solvay Pharmaceuticals. These plans streamline operations, improve efficiencies and reduce costs in certain Solvay sites and functions as well as in certain AbbVie and Solvay commercial organizations in various countries. The following summarizes the activity for this restructuring:

	<u>2012</u>	<u>2011</u>
	(dollars in millions)	
Accrued balance at January 1	\$ 20	\$ 112
Payments and other adjustments	(20)	(78)
Accrued balance at September 30	<u>\$ —</u>	<u>\$ 34</u>

**Note 12—Related Party Transactions**

Abbott provides certain services to AbbVie, which include administration of treasury, payroll, employee compensation and benefits, travel and meeting services, public and investor relations, real estate services, internal audit, telecommunications, information technology, corporate income tax and selected legal services. Some of these services will be provided to AbbVie on a temporary basis after the distribution. The financial information in these condensed combined financial statements does not necessarily include all the expenses that would have been incurred had AbbVie been a separate, stand-alone entity. As such, the financial information herein may not necessarily reflect the condensed combined financial position, results of operations and cash flows of AbbVie in the future or what they would have been had AbbVie been a separate, stand-alone entity during the periods presented. Management believes that the methods used to allocate expenses to AbbVie are reasonable. The allocation methods include relative sales, headcount, square footage, number of transactions or other measures. Excluding separation related expenses, these allocations totaled \$599 million and \$581 million for the nine months ended September 30, 2012, and 2011, respectively. Separation related expenses totaled approximately \$122 million for the nine months ended September 30, 2012.

The Research-Based Pharmaceuticals Business of Abbott Laboratories

Notes to Condensed Combined Financial Statements (Continued)

September 30, 2012

(Unaudited)

**Note 13—Subsequent Events**

AbbVie evaluated subsequent events for recognition or disclosure through November 16, 2012, the date the combined financial statements were available to be issued.

On October 17, 2012 Reata Pharmaceuticals informed AbbVie that it is discontinuing the Phase III clinical study, known as BEACON, designed to evaluate bardoxolone methyl in diabetic patients with advanced chronic kidney disease. The discontinuation is based on a recommendation from the study's Independent Data Monitoring Committee regarding safety concerns due to "excess serious adverse events and mortality in the bardoxolone methyl arm." Reata and AbbVie will closely examine the data from this study to determine whether there is an appropriate path forward for the development of bardoxolone methyl in chronic kidney disease or other indications. AbbVie has the rights to bardoxolone methyl outside the U.S., excluding certain Asian markets. At September 30, 2012, AbbVie holds a \$124 million equity investment in Reata and is evaluating the impact of this event on the carrying value of the investment.

In November 2012, AbbVie Inc. issued approximately \$14.7 billion of long-term debt with maturities ranging from 3 to 30 years. In addition, AbbVie expects to issue approximately \$1.0 billion of short-term debt in the fourth quarter of 2012. The debt issued by AbbVie Inc. is guaranteed by Abbott with the guarantee expiring when AbbVie Inc. separates from Abbott.

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**PRESS RELEASE**

**AbbVie Celebrates Launch as New Biopharmaceutical Company with Employees, Patients  
January 2, 2013**

**NEW YORK**, Jan. 2, 2013 — AbbVie (NYSE:ABBV) today marks its launch as an independent biopharmaceutical company, with employees from more than 40 countries and patients joining AbbVie leaders as they ring the first opening bell of 2013 at the New York Stock Exchange.

With a rich, 125-year heritage of developing pharmaceuticals, AbbVie combines the focus and passion of a leading-edge biotech with the expertise and structure of a long-established pharmaceutical leader. A global enterprise that serves patients in more than 170 countries, AbbVie launches with an estimated \$18 billion in annual revenues and a strong commitment to creating shareholder value through long-term growth potential and the continuation of the company's history of shareholder dividends.

"Today AbbVie launches with an outstanding portfolio, a solid pipeline and enthusiastic people who will serve patients and deliver growth," said Richard A. Gonzalez, Chairman of the Board and Chief Executive Officer, AbbVie. "With those assets and a relentless focus on innovation we intend to create significant value for our shareholders."

**Strong, Well-Managed Business and Product Portfolio**

AbbVie launches with a team of experienced senior leaders who understand how to manage AbbVie for long-term, profitable growth and who have the proven ability to commercialize scientific discoveries for patients. As a biopharmaceutical company, AbbVie has adopted a streamlined and focused business model built on a broad portfolio of market leading medicines that will enable AbbVie to invest in tomorrow's therapies.

The portfolio includes both growth brands and durable performers, including HUMIRA, AndroGel, Lupron, Synagis(1), Creon, Synthroid, Kaletra, Norvir and Zemplar.

*Related information: [www.abbvieinvestor.com](http://www.abbvieinvestor.com)*

(1) Synagis is a trademark of MedImmune

- more -

AbbVie's long-term growth will be fueled by a compelling pipeline of more than 20 mid- to late-stage clinical programs — as well as new discoveries to address diseases including Hepatitis C, rheumatoid arthritis, psoriasis, multiple sclerosis, Alzheimer's disease, Parkinson's disease, spondyloarthropathies, multiple myeloma and endometriosis. AbbVie has tripled the number of new molecular entities in its pipeline over the last several years.

With these and other compounds in its pipeline, AbbVie is rapidly developing therapies that have strong clinical performance, patient benefit and health economic value.

*Related information: [www.abbvie.com/research-innovation/pipeline.html](http://www.abbvie.com/research-innovation/pipeline.html)*

**AbbVie's Approach to Innovation**

Making new discoveries and developing them into effective medicines is the foundation of the company's mission and business. To accomplish those goals, AbbVie's research is guided by a patient-driven research and development (R&D) approach that begins with a deep understanding of the serious diseases that are the company's focus, as well as careful evaluation of the current needs of patients, payers and regulators worldwide. The company's scientists and physicians focus their work on targets that have the best potential to fundamentally transform the way diseases are treated in the future.

AbbVie is committed to an agile and collaborative approach to innovation, across its global R&D and manufacturing sites. The company's scientists rely on proprietary technologies and methods to help them more quickly advance the most promising compounds from laboratory to clinical trials. AbbVie's research operates with a collaborative model that seeks to build the pipeline of discoveries from inside and outside the company's own walls.

*Related information: [www.abbvie.com/research-innovation/focus-areas.html](http://www.abbvie.com/research-innovation/focus-areas.html)*

**A Focus on Patients**

AbbVie is focused on developing specialty pharmaceuticals that address complex, unsolved health problems, particularly chronic diseases, that now account for 75 percent of all healthcare costs. By developing new specialty treatments that improve patient outcomes, AbbVie and its people are helping to reduce the long-term health and economic impact of these conditions.

*Related information: [www.abbvie.com/responsibility/patients-first/home.html](http://www.abbvie.com/responsibility/patients-first/home.html)*

- more -

**Dedicated Employees to Build the Future**

AbbVie's 21,000 employees around the world are dedicated to meeting the needs of patients. They have the freedom, expertise, and ability to innovate and discover solutions to the world's most pressing health needs.

"Our commitment at AbbVie is to build on Abbott's 125-year heritage and address some of the world's most serious health issues," Gonzalez said. "We intend AbbVie's enduring legacy to be one of finding treatments for patients with serious health care needs."

AbbVie will be listed on the NYSE and Euronext Exchange beginning today under the ticker symbol "ABBV". A live webcast of the Opening Bell, beginning today at 9:29 a.m. EST, will be available on the NYSE website. Photos and an archived video of the bell ringing will be available on Facebook (NYSE Euronext-Official Site), YouTube (nysetv1), and Twitter (@NYSEEuronext), #NYSEBell.

**AbbVie Facts**

- *Corporate Headquarters: North Chicago, Illinois, USA*
- *Executive Leadership Team:*
  - Richard A. Gonzalez, *Chairman of the Board and Chief Executive Officer*
  - Laura J. Schumacher, *Executive Vice President, Business Development, External Affairs and General Counsel*
  - William J. Chase, *Executive Vice President, Chief Financial Officer*
  - Carlos Alban, *Executive Vice President, Commercial Operations*
  - John M. Leonard, M.D., *Senior Vice President, Chief Scientific Officer*
  - Timothy J. Richmond, *Senior Vice President, Human Resources*

**Becoming AbbVie**

AbbVie (NYSE:ABBV) is a global, research-based biopharmaceutical company formed in 2013 following separation from Abbott. AbbVie combines the focus and passion of a leading-edge biotech with the expertise and structure of a long-established pharmaceutical leader. The company's mission is to use its expertise, dedicated people and unique approach to innovation to develop and market advanced therapies that address some of the world's most complex and serious diseases.

- more -

AbbVie aims to help patients live healthier lives and collaborate on sustainable healthcare solutions. In 2013, AbbVie will employ approximately 21,000 people worldwide and market medicines in more than 170 countries. For further information on the company and its people, portfolio and commitments, please visit [www.abbvie.com](http://www.abbvie.com). Follow @abbvie on Twitter or view careers on our Facebook or LinkedIn page.



**Forward-Looking Statements**

Some statements in this news release may be forward-looking statements for purposes of the Private Securities Litigation Reform Act of 1995. AbbVie cautions that these forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially from those indicated in the forward-looking statements. Economic, competitive, governmental, technological and other factors that may affect AbbVie's operations are discussed in the "Risk Factors" section of the Information Statement attached to our Form 10 Registration Statement, which has been filed with the SEC, and are incorporated by reference. AbbVie undertakes no obligation to release publicly any revisions to forward-looking statements as a result of subsequent events or developments, except as required by law.

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