

**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**Amendment No. 6 to  
Form 10**

**GENERAL FORM FOR REGISTRATION OF SECURITIES  
Pursuant to Section 12(b) or (g) of the Securities Exchange Act of 1934**

**AbbVie Inc.**

(Exact name of Registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**32-0375147**

(I.R.S. employer  
Identification number)

**1 North Waukegan Road,  
North Chicago, Illinois**

(Address of principal executive offices)

**60064**

(Zip Code)

**847-932-7900**

(Registrant's telephone number, including area code)

Securities to be registered pursuant to Section 12(b) of the Act:

<b>Title of Each Class to be so Registered</b>	<b>Name of Each Exchange on which Each Class is to be Registered</b>
Common Stock, par value \$0.01 per share	New York Stock Exchange

Securities to be registered pursuant to Section 12(g) of the Act: **None**

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**ABBVIE INC.**

**INFORMATION REQUIRED IN REGISTRATION STATEMENT  
CROSS-REFERENCE SHEET BETWEEN INFORMATION STATEMENT  
AND ITEMS OF FORM 10**

Certain information required to be included herein is incorporated by reference to specifically identified portions of the body of the information statement filed herewith as Exhibit 99.1. None of the information contained in the information statement shall be incorporated by reference herein or deemed to be a part hereof unless such information is specifically incorporated by reference.

**Item 1. *Business.***

The information required by this item is contained under the sections of the information statement entitled “Information Statement Summary,” “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” “Business,” “Certain Relationships and Related Person Transactions,” and “Where You Can Find More Information.” Those sections are incorporated herein by reference.

**Item 1A. *Risk Factors.***

The information required by this item is contained under the section of the information statement entitled “Risk Factors.” That section is incorporated herein by reference.

**Item 2. *Financial Information.***

The information required by this item is contained under the sections of the information statement entitled “Unaudited Pro Forma Combined Financial Statements,” “Selected Historical Combined Financial Data,” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” Those sections are incorporated herein by reference.

**Item 3. *Properties.***

The information required by this item is contained under the section of the information statement entitled “Business—Manufacturing Capabilities and Operations.” That section is incorporated herein by reference.

**Item 4. *Security Ownership of Certain Beneficial Owners and Management.***

The information required by this item is contained under the section of the information statement entitled “Security Ownership of Certain Beneficial Owners and Management.” That section is incorporated herein by reference.

**Item 5. *Directors and Executive Officers.***

The information required by this item is contained under the section of the information statement entitled “Management.” That section is incorporated herein by reference.

**Item 6. *Executive Compensation.***

The information required by this item is contained under the sections of the information statement entitled “Compensation Discussion and Analysis” and “Executive Compensation.” Those sections are incorporated herein by reference.

**Item 7. *Certain Relationships and Related Transactions.***

The information required by this item is contained under the sections of the information statement entitled “Management” and “Certain Relationships and Related Person Transactions.” Those sections are incorporated herein by reference.

**Item 8. *Legal Proceedings.***

The information required by this item is contained under the section of the information statement entitled “Business—Legal Proceedings.” That section is incorporated herein by reference.

**Item 9. *Market Price of, and Dividends on, the Registrant’s Common Equity and Related Stockholder Matters.***

The information required by this item is contained under the sections of the information statement entitled “Dividend Policy,” “Capitalization,” “The Separation and Distribution,” and “Description of AbbVie’s Capital Stock.” Those sections are incorporated herein by reference.

**Item 10. *Recent Sales of Unregistered Securities.***

The information required by this item is contained under the sections of the information statement entitled “Description of Material Indebtedness” and “Description of AbbVie’s Capital Stock—Sale of Unregistered Securities.” Those sections are incorporated herein by reference.

**Item 11. *Description of Registrant’s Securities to be Registered.***

The information required by this item is contained under the sections of the information statement entitled “Dividend Policy,” “The Separation and Distribution,” and “Description of AbbVie’s Capital Stock.” Those sections are incorporated herein by reference.

**Item 12. *Indemnification of Directors and Officers.***

The information required by this item is contained under the section of the information statement entitled “Description of AbbVie’s Capital Stock—Limitations on Liability, Indemnification of Officers and Directors, and Insurance.” That section is incorporated herein by reference.

**Item 13. *Financial Statements and Supplementary Data.***

The information required by this item is contained under the section of the information statement entitled “Index to Financial Statements” and the financial statements referenced therein. That section is incorporated herein by reference.

**Item 14. *Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.***

None.

**Item 15. *Financial Statements and Exhibits.***

**(a) *Financial Statements***

The information required by this item is contained under the section of the information statement entitled “Index to Financial Statements” and the financial statements referenced therein. That section is incorporated herein by reference.

**(b) Exhibits**

See below.

The following documents are filed as exhibits hereto:

<b>Exhibit Number</b>	<b>Exhibit Description</b>
2.1	Separation and Distribution Agreement dated as of November 28, 2012 by and between Abbott Laboratories and AbbVie Inc.**
3.1	Form of Amended and Restated Certificate of Incorporation of AbbVie Inc.**
3.2	Form of Amended and Restated By-Laws of AbbVie Inc.**
4.1	Indenture dated as of November 8, 2012 between AbbVie Inc. and U.S. Bank National Association†
4.2	Supplemental Indenture No. 1 dated as of November 8, 2012 among AbbVie Inc. and U.S. Bank National Association†
4.3	Registration Rights Agreement dated November 8, 2012 by and among AbbVie Inc., Abbott Laboratories, Morgan Stanley & Co. LLC, Barclays Capital Inc., J.P. Morgan Securities LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated†
10.1	Form of U.S. Transition Services Agreement by and between Abbott Laboratories and AbbVie Inc.†
10.2	Form of Ex-U.S. Transition Services Agreement by and between Abbott Laboratories and AbbVie Inc.†
10.3	Form of Tax Sharing Agreement by and between Abbott Laboratories and AbbVie Inc.†
10.4	Form of Special Products Master Agreement by and between Abbott Laboratories and AbbVie Inc.†
10.5	Form of Employee Matters Agreement by and between Abbott Laboratories and AbbVie Inc.†
10.6	Form of International Commercial Operations Agreement by and between Abbott Laboratories and AbbVie Inc.†
10.7	Form of Luxembourg International Commercial Operations Agreement by and between Abbott Investments Luxembourg S.à.r.l. and AbbVie Investments S.à.r.l.†
10.8	Form of Information Technology Agreement by and between Abbott Laboratories and AbbVie Inc.†
10.9	Intentionally Omitted
10.10	Form of Transitional Trademark License Agreement by and between Abbott Laboratories and AbbVie Inc.†
10.11	Form of Finished Goods Supply Agreements by and between Abbott Laboratories and AbbVie Inc.†
10.12	Form of Contract Manufacturing Agreements by and between Abbott Laboratories and AbbVie Inc.†
10.13	Form of Agreement Regarding Change in Control†
10.14	AbbVie 2013 Incentive Stock Program**
10.15	Form of AbbVie 2013 Management Incentive Plan†

Exhibit Number	Exhibit Description
10.16	Form of AbbVie 2013 Performance Incentive Plan†
10.17	Form of AbbVie Deferred Compensation Plan†
10.18	Form of AbbVie Non-Employee Directors' Fee Plan†
10.19	Form of AbbVie Supplemental Pension Plan†
10.20	Form of AbbVie Supplemental Savings Plan†
10.21	Purchase Agreement dated November 5, 2012 between AbbVie Inc., Abbott Laboratories, as guarantor, and Morgan Stanley & Co. LLC, Barclays Capital Inc., J.P. Morgan Securities LLC, and Merrill Lynch, Pierce, Fenner & Smith Incorporated**
21.1	Subsidiaries of AbbVie Inc.**
99.1	Information Statement of AbbVie Inc., preliminary and subject to completion, dated November 30, 2012.**

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\*\* Filed herewith.

† Previously filed.

## SIGNATURES

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized.

ABBVIE INC.

By: /s/ RICHARD A. GONZALEZ \_\_\_\_\_

Name: Richard A. Gonzalez

Title: Chairman of the Board and  
Chief Executive Officer

Date: November 30, 2012

SEPARATION AND DISTRIBUTION AGREEMENT

BY AND BETWEEN

ABBOTT LABORATORIES

AND

ABBVIE INC.

DATED AS OF NOVEMBER 28, 2012

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## SCHEDULES AND EXHIBITS

### Schedules

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### Exhibits

<u>Exhibit A</u>	Form of Amended and Restated Bylaws of AbbVie
<u>Exhibit B</u>	Form of Amended and Restated Certificate of Incorporation of AbbVie

THIS SEPARATION AND DISTRIBUTION AGREEMENT, dated as of November 28, 2012, 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: (i) separate the AbbVie Business (as defined herein) from the Abbott Business (as defined herein) (the "Separation"); and (ii) following the Separation, make a distribution, on a pro rata basis, to holders of the outstanding common shares, without par value, of Abbott (the "Abbott Common Shares") on the Record Date (as defined herein) of all of the outstanding shares of common stock, par value \$0.01 per share, of AbbVie (the "AbbVie Common Stock"), owned by Abbott (the "Distribution"); and

WHEREAS, each of Abbott and AbbVie has determined that it is necessary and advisable to set forth the principal transactions required to effect the Separation and the Distribution and to describe other agreements that shall govern certain other matters prior to and following the Separation and the Distribution.

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 9.15 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.

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

"Abbott Accounts" has the meaning set forth in Section 2.10(b).

"Abbott Assets" means all Assets of the Parties or their respective Subsidiaries as of the Effective Time, other than the AbbVie Assets.

"Abbott Business" means all businesses, operations and activities (whether or not such businesses, operations or activities are or have been terminated, divested or discontinued) conducted at any time prior to the Effective Time by either Party or its Subsidiaries, other than the AbbVie Business.

"Abbott Common Shares" has the meaning set forth in the Recitals.

"Abbott Credit Facility" means the Five Year Credit Agreement, dated as of July 18, 2012, by and among Abbott Laboratories, an Illinois corporation, and JPMorgan Chase Bank, N.A., as administrative agent.

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“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 Liability;
- (ii) any failure of Abbott or an Abbott Subsidiary or any other Person to pay, perform or otherwise promptly discharge any Abbott Liabilities in accordance with their terms, whether prior to, at or after the Effective Time;
- (iii) the conduct of any business, operation or activity by Abbott or an Abbott Subsidiary from and after the Effective Time (other than the conduct of business, operations, or activities for the benefit of AbbVie pursuant to an Ancillary Agreement);
- (iv) any breach by Abbott or an Abbott Subsidiary of this Agreement or any Ancillary Agreement; and
- (v) any untrue statement or alleged untrue statement of a material fact made explicitly in Abbott’s name in the Registration Statement or the Information Statement as the same may be amended prior to the Effective Time, or any omission or alleged omission to state a material fact necessary to make any such statement made explicitly in Abbott’s name not misleading; it being agreed that the information relating to Abbott and the Abbott Subsidiaries set forth in the Registration Statement and the Information Statement that is described on Schedule 1.01(a) shall be the only information that is made explicitly in Abbott’s name for purposes of this clause (v), and all other information contained in the Registration Statement and the Information Statement shall be deemed to be information supplied by AbbVie.

“Abbott Liabilities” means the Liabilities relating to, arising out of or resulting from actions, inactions, events, omissions, conditions, facts or circumstances occurring or existing prior to the Effective Time (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) of Abbott and the Abbott Subsidiaries and, prior to the Effective Time, AbbVie and the AbbVie Subsidiaries, in each case that are not AbbVie Liabilities or AbbVie Indemnity Obligations.

“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).

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

“AbbVie Accounts” has the meaning set forth in Section 2.10(b).

“AbbVie Assets” means only the following Assets:

(i) all of the issued and outstanding capital stock or other equity interests of the Transferred Entities that are owned by either Party or any of its Subsidiaries as of the Effective Time or, in the case of a Transferred Entity formed after the Effective Time, as of the date on which such Transferred Entity is transferred from Abbott or an Abbott Subsidiary to AbbVie or an AbbVie Subsidiary;

(ii) the Assets of either Party or any of its Subsidiaries as of the Effective Time included or reflected on the AbbVie Pro Forma Balance Sheet or any notes or subledgers thereto, it being understood that (x) the AbbVie Pro Forma Balance Sheet and the notes and subledgers thereto shall be used to determine the types of, and methodologies used to determine, those Assets that are included in the definition of AbbVie Assets pursuant to this subclause (ii); and (y) the amounts set forth on the AbbVie Pro Forma Balance Sheet with respect to any Assets shall not be treated as minimum amounts or limitations on the amount of such Assets that are included in the definition of AbbVie Assets pursuant to this subclause (ii);

(iii) all other Assets of either Party or any of its Subsidiaries as of the Effective Time that are of a nature or type that would have resulted in such Assets being included as Assets on a pro forma combined balance sheet of AbbVie or any notes or subledgers thereto as of the Effective Time (were such balance sheet, notes and subledgers to be prepared on a basis consistent with the determination of the Assets included on the AbbVie Pro Forma Balance Sheet or any notes or subledgers thereto), it being understood that (x) the AbbVie Pro Forma Balance Sheet and the notes and subledgers thereto shall be used to determine the types of, and methodologies used to determine, those Assets that are included in the definition of AbbVie Assets pursuant to this subclause (iii); and (y) the amounts set forth on the AbbVie Pro Forma Balance Sheet with respect to any Assets shall not be treated as minimum amounts or limitations on the amount of such Assets that are included in the definition of AbbVie Assets pursuant to this subclause (iii);

(iv) the Assets expressly allocated to AbbVie or an AbbVie Subsidiary pursuant to this Agreement or any Ancillary Agreement, including (a) the rights to the Special Products that are allocated to AbbVie or an AbbVie Subsidiary pursuant to the Special Products Master Agreement; and (b) any rights that are allocated to AbbVie or an AbbVie Subsidiary pursuant to any International Transition Period Agreement;

(v) all rights, interests and claims of either Party or any of its Subsidiaries as of the Effective Time to the Exclusive AbbVie Products, including all rights, interests and claims of either Party or any of its Subsidiaries as of the Effective Time to all clinical study data, reports and analyses, product and marketing registrations and applications (which shall include all U.S. Food and Drug Administration and other regulatory drug approvals and licenses related to, and all related applications and other information submitted for the purposes of or prepared in connection with obtaining an approval for, an Exclusive AbbVie Product) to the extent related to the Exclusive AbbVie Products; provided that the AbbVie Assets shall not include any rights, interests and claims of either Party or any of its Subsidiaries as of the Effective Time related to Sevoflurane or Isoflurane within the Veterinary Field-of-Use;

(vi) all rights, interests and claims of either Party or any of its Subsidiaries as of the Effective Time under the AbbVie Contracts;

(vii) all rights, interests and claims of either Party or any of its Subsidiaries as of the Effective Time to any AbbVie Intellectual Property;

(viii) all other rights, interests and claims of either Party or any of their Subsidiaries as of the Effective Time with respect to Information that is exclusively related to the AbbVie Assets, the AbbVie Liabilities, the AbbVie Business or the Transferred Entities and, subject to the provisions of the applicable Ancillary Agreements, a non-exclusive right to all Information that is related to the AbbVie Assets, the AbbVie Liabilities, the AbbVie Business or the Transferred Entities (but is not exclusively related to such matters);

(ix) all rights, interests and claims of either Party or any of its Subsidiaries as of the Effective Time to the manufacturing, distribution, warehouse or research and development facilities and other real property listed on Schedule 1.01(b);

(x) the Assets relating to, arising out of or resulting from Proceedings to the extent such Proceedings relate to, arise out of, or result from the AbbVie Business, the other AbbVie Assets, or the AbbVie Liabilities; and

(xi) the Assets of either Party or any of its Subsidiaries as of the Effective Time on Schedule 1.01(c).

The Parties agree that all Delayed AbbVie Assets shall be AbbVie Assets for purposes of this Agreement and the Ancillary Agreements regardless of when such Delayed AbbVie Assets are assumed by AbbVie or an AbbVie Subsidiary or designee. The Parties also agree that, if any Transferred Entity holds an Abbott Asset, such Abbott Asset shall nonetheless be treated as an Abbott Asset and the Parties shall, and shall cause their respective Subsidiaries to, use their commercially reasonable efforts for such Abbott Asset to be transferred to Abbott or an Abbott Subsidiary.

“AbbVie Business” means:

(i) *Exclusive AbbVie Products*. The business, operations and activities conducted at any time prior to the Effective Time by either Party or any of its Subsidiaries relating to, arising out of or resulting from the Exclusive AbbVie Products (including the discovery, research, development, importation, exportation, manufacture, marketing, distribution, promotion and sale of such Exclusive AbbVie Products worldwide); provided that the AbbVie Business shall not include the business, operations and activities relating to, arising out of or resulting from Sevoflurane or Isoflurane within the Veterinary Field-of-Use;

(ii) *Special Products*. The business, operations and activities with respect to the Special Products, solely to the extent that the rights to such business, operations and activities are allocated to AbbVie or an AbbVie Subsidiary under the Special Products Master Agreement;

(iii) *Research and Development.* The business, operations and activities conducted at any time prior to the Effective Time by or on behalf of either Party or any of its Subsidiaries of: (a) discovery and research and development projects with respect to pharmaceutical products (except vaccines) for purposes of obtaining a first regulatory approval of a biological or a chemical pharmaceutical product; (b) pharmaceutical discovery and research and development (other than with respect to vaccines) conducted by or on behalf of GPRD; or (c) pharmaceutical manufacturing and supply chain discovery and research and development (other than with respect to vaccines) conducted by or on behalf of GPO, except, in each of cases (a), (b) and (c), for the discovery and research and development projects set forth on Schedule 1.01(d);

(iv) *Contract Manufacturing.* Subject to Section 5.01, the business, operations and activities conducted at any time prior to the Effective Time by either Party or any of its Subsidiaries of manufacturing for any Third Party products at the manufacturing plants listed on Schedule 1.01(b); and

(v) *AbbVie Former Businesses, AbbVie Discontinued Products, AbbVie Discontinued Projects and AbbVie Discontinued Facilities.* The business, operations and activities conducted at any time prior to the Effective Time by either Party or any of its Subsidiaries to the extent such business, operations and activities relate to, arise out of or result from an AbbVie Former Business, an AbbVie Discontinued Product, an AbbVie Discontinued Project or an AbbVie Discontinued Facility.

“AbbVie Cash Distribution” has the meaning set forth in Section 2.08(c).

“AbbVie Common Stock” has the meaning set forth in the Recitals.

“AbbVie Contracts” means the following contracts, agreements, arrangements, commitments or understandings to which either Party or any of its Subsidiaries is a party or by which it or its Assets is bound, whether or not in writing, in each case, prior to the Effective Time, except to the extent otherwise described in Schedule 1.01(c) and Schedule 1.01(j):

(i) any contract, agreement, arrangement, commitment or understanding referenced in the Contract Database as a “PCo Contract” and that portion of any contract, agreement, arrangement, commitment or understanding referenced in the Contract Database as “mixed” that relates to the AbbVie Business;

(ii) any contract, agreement, arrangement, commitment or understanding that was entered into after the time the Contract Database was compiled that is of a nature or type that would have resulted in such contract, agreement, arrangement, commitment or understanding being referenced in the Contract Database as a “PCo Contract” and that portion of any contract, agreement, arrangement, commitment or understanding that was entered into after the time the Contract Database was compiled that relates to the AbbVie Business and is of a nature or type that would have resulted in such contract, agreement, arrangement, commitment or understanding being referenced in the Contract Database as “mixed”;



(iii) (A) any contract, agreement, arrangement, commitment or understanding of a Deferred AbbVie Local Business that is not included in the Contract Database and that is of a nature or type that would have resulted in such contract, agreement, arrangement, commitment or understanding being referenced in the Contract Database as a “PCo Contract” had it been included in the Contract Database; and (B) that portion of any contract, agreement, arrangement, commitment or understanding of a Deferred AbbVie Local Business that is not included in the Contract Database that relates to the AbbVie Business and is of a nature or type that would have resulted in such contract, agreement, arrangement, commitment or understanding being referenced in the Contract Database as “mixed” had it been included in the Contract Database;

(iv) any contract, agreement, arrangement, commitment or understanding or portion thereof that is an AbbVie Liability;

(v) any contract, agreement, arrangement, commitment or understanding or portion thereof to the extent related to the AbbVie Business;

(vi) any employment, change of control, retention, consulting, indemnification, termination, severance or other similar agreements with any employee or consultant of AbbVie or an AbbVie Subsidiary; and

(vii) any other contract, agreement, arrangement, commitment or understanding or portion thereof that is otherwise expressly contemplated pursuant to this Agreement or any Ancillary Agreement to be assigned to AbbVie or an AbbVie Subsidiary;

provided, however, that (A) such contracts, agreements, arrangements, commitments or understandings or portions thereof that are contemplated to be retained by Abbott or an Abbott Subsidiary pursuant to any provision of this Agreement or any Ancillary Agreement shall not be AbbVie Contracts; (B) such contracts, agreements, arrangements, commitments or understandings or portions thereof that relate to debt instruments, insurance arrangements, or employee benefit plans or programs shall be AbbVie Contracts only to the extent expressly provided for under the terms of this Agreement or any Ancillary Agreement; and (C) the rights and obligations of Abbott and the Abbott Subsidiaries under this Agreement and the Ancillary Agreements shall not be AbbVie Contracts.

“AbbVie Credit Facility” means the Five Year Credit Agreement, dated as of July 18, 2012, by and among Abbott Laboratories, an Illinois corporation, AbbVie Inc., a Delaware corporation, and Bank of America, N.A., as administrative agent.

“AbbVie Discontinued Facilities” means the closed or divested manufacturing, distribution, warehouse or research and development facilities or other real property operated prior to the Effective Time by either Party or any of its Subsidiaries that were solely or primarily related to the conduct of the pharmaceuticals business, operations and activities other than those set forth on Schedule 1.01(e).

“AbbVie Discontinued Products” means any pharmaceutical product that was, at any time prior to the Effective Time, owned, licensed by or to, sub-licensed by or to, manufactured, marketed, co-branded, co-promoted or otherwise promoted, distributed or sold anywhere in the world by or on behalf of either Party or any of its Subsidiaries, but in each case that, as of immediately prior to the Effective Time, neither Party nor any of their respective Subsidiaries is marketing, co-promoting, promoting, distributing or selling anywhere in the world (except pursuant to an agreement or arrangement with a Third Party who previously acquired any such promotion, distribution, commercialization or sale rights with respect to such product in specified jurisdictions throughout the world), other than those set forth on Schedule 1.01(f).

“AbbVie Discontinued Projects” means any discovery or research and development projects that were conducted at any time prior to the Effective Time by or on behalf of GPRD or GPO and that were terminated, divested or discontinued prior to the Effective Time by either Party or any of its Subsidiaries, other than those set forth on Schedule 1.01(d).

“AbbVie Former Businesses” means (i) the Former Businesses set forth on Schedule 1.01(g); and (ii) any Former Business to the extent associated with, or to the extent engaged in the discovery, research, development, importation, exportation, manufacture, marketing, distribution, promotion or sale of an AbbVie Discontinued Product.

“AbbVie Indemnitees” 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 Liability;
- (ii) any failure of AbbVie or an AbbVie Subsidiary or any other Person to pay, perform or otherwise promptly discharge any AbbVie Liabilities in accordance with their terms, whether prior to, at or after the Effective Time;
- (iii) the conduct of any business, operation or activity by AbbVie or an AbbVie Subsidiary from and after the Effective Time;
- (iv) any breach by AbbVie or an AbbVie Subsidiary of this Agreement or any Ancillary Agreement; and
- (v) any untrue statement or alleged untrue statement of a material fact or omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, with respect to all information contained in the Registration Statement or the Information Statement (other than the matters described in clause (v) of the definition of Abbott Indemnity Obligations).

“AbbVie Intellectual Property” means (i) the Patents and Trademarks set forth on Schedule 1.01(h); (ii) the Other Intellectual Property owned by, licensed by or to, or sublicensed by or to either Party or any of its Subsidiaries that, as of the Effective Time, is exclusively used or held for use in the AbbVie Business; (iii) the rights to any Patents, Trademarks, and Other Intellectual Property that are allocated to AbbVie or an AbbVie Subsidiary pursuant to the Special Products Master Agreement or any other Ancillary Agreement; and (iv) the non-exclusive right to all Other Intellectual Property that: (x) as of the Effective Time, is used or held for use in the AbbVie Business (but is not used or held for use exclusively in the AbbVie Business); and (y) has not been allocated to AbbVie or an AbbVie Subsidiary as contemplated by clause (iii) of this definition.

“AbbVie Liabilities” means all of the following Liabilities of either Party or any of its Subsidiaries:

(i) all Liabilities included or reflected on the AbbVie Pro Forma Balance Sheet or any notes or subledgers thereto, subject to any discharge of such Liabilities after the date of such AbbVie Pro Forma Balance Sheet, it being understood that (x) the AbbVie Pro Forma Balance Sheet and the notes and subledgers thereto shall be used to determine the types of, and methodologies used to determine, those Liabilities that are included in the definition of AbbVie Liabilities pursuant to this subclause (i); and (y) the amounts set forth on the AbbVie Pro Forma Balance Sheet with respect to any Liabilities shall not be treated as minimum amounts or limitations on the amount of such Liabilities that are included in the definition of AbbVie Liabilities pursuant to this subclause (i);

(ii) all other Liabilities that are incurred or accrued by either Party or any of its Subsidiaries from the date of the AbbVie Pro Forma Balance Sheet to the Effective Time that are of a nature or type that would have resulted in such Liabilities being included as Liabilities on a pro forma combined balance sheet of AbbVie or any notes or subledgers thereto as of the Effective Time (were such balance sheet, notes or subledgers to be prepared on a basis consistent with the determination of the Liabilities included on the AbbVie Pro Forma Balance Sheet or any notes or subledgers thereto), it being understood that (x) the AbbVie Pro Forma Balance Sheet and the notes and subledgers thereto shall be used to determine the types of, and methodologies used to determine, those Liabilities that are included in the definition of AbbVie Liabilities pursuant to this subclause (ii); and (y) the amounts set forth on the AbbVie Pro Forma Balance Sheet with respect to any Liabilities shall not be treated as minimum amounts or limitations on the amount of such Liabilities that are included in the definition of AbbVie Liabilities pursuant to this subclause (ii);

(iii) all Liabilities relating to, arising out of or resulting from the actions, inactions, events, omissions, conditions, facts or circumstances occurring or existing prior to the Effective Time (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), in each case to the extent that such Liabilities relate to, arise out of or result from the AbbVie Business or an AbbVie Asset, except for Liabilities to the extent relating to, arising out of or resulting from any Third Party claim

alleging injury resulting from the use of a product (other than a Special Product or an Exclusive AbbVie Product) that was manufactured for Abbott or any Abbott Subsidiary prior to the Effective Time at any of the manufacturing plants listed on Schedule 1.01(b);

(iv) all Liabilities for claims made by Third Parties, or the directors, officers, employees, agents of Abbott, AbbVie or their respective Subsidiaries or Affiliates against either Party or any of its Subsidiaries to the extent relating to, arising out of or resulting from the AbbVie Business or the AbbVie Assets;

(v) all Liabilities expressly allocated to AbbVie or an AbbVie Subsidiary pursuant to this Agreement or any Ancillary Agreement, and the obligations of AbbVie or an AbbVie Subsidiary under such agreements, including (a) any Liability related to the Special Products that is allocated to AbbVie or an AbbVie Subsidiary pursuant to the Special Products Master Agreement; and (b) any Liability arising during the International Transition Period that is allocated to AbbVie or an AbbVie Subsidiary pursuant to any International Transition Period Agreement;

(vi) all Liabilities relating to, arising out of or resulting from the AbbVie Credit Facility or the Financing Arrangements;

(vii) except as set forth on Schedule 1.01(i), the Liabilities relating to, arising out of, or resulting from Proceedings to the extent such Proceedings relate to, arise out of, or result from the AbbVie Business, the AbbVie Assets, or the other AbbVie Liabilities;

(viii) all Liabilities relating to, arising out of, or resulting from the Plea Agreement, the CIA or the Depakote Proceedings;

(ix) all Liabilities assumed by AbbVie or an AbbVie Subsidiary from a Third Party after the Effective Time (whether or not such Liabilities initially arose or accrued before the Effective Time); and

(x) all other Liabilities set forth on Schedule 1.01(j).

The Parties agree that all Delayed AbbVie Liabilities shall be AbbVie Liabilities for purposes of this Agreement and the Ancillary Agreements regardless of when such Delayed AbbVie Liabilities are assumed by AbbVie or an AbbVie Subsidiary or designee. The Parties also agree that, if any Transferred Entity holds an Abbott Liability, such Abbott Liability shall nonetheless be treated as an Abbott Liability and the Parties shall, and shall cause their respective Subsidiaries to, use their commercially reasonable efforts for such Abbott Liability to be assumed by Abbott or an Abbott Subsidiary.

“AbbVie Pro Forma Balance Sheet” means the pro forma combined balance sheet of AbbVie and the AbbVie Subsidiaries, including any notes or subledgers thereto, as of September 30, 2012, as presented in the Information Statement mailed to the Record Holders prior to the Effective Time.

“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.

“Actual Deferred Taxes” means the deferred Taxes and prepaid Taxes as defined under GAAP as of the Distribution Date.

“Adjustment” has the meaning set forth in Section 2.15.

“ADR” has the meaning set forth in Section 7.01(a).

“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 Ancillary Agreements, neither AbbVie nor any of the AbbVie Subsidiaries, including the Transferred Entities, 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.

“Agent” means Computershare Trust Company, N.A., or such other trust company or bank duly appointed to act as distribution agent, transfer agent and registrar for the AbbVie Common Stock in connection with the Distribution.

“Agreement” means this Separation and Distribution Agreement and each of the Schedules and Exhibits hereto.

“Ancillary Agreements” means all agreements entered into by the Parties or their Subsidiaries (but as to which no Third Party is a party) in connection with the Separation, the Distribution or the other transactions contemplated by this Agreement.

“Assets” means, with respect to any Person, the assets, rights, interests, claims and properties of all kinds, real and personal, tangible, intangible and contingent, wherever located (including in the possession of suppliers, distributors, other Third Parties or elsewhere), of such Person, including rights and benefits pursuant to any contract, license, permit, indenture, note, bond, mortgage, agreement, concession, franchise, instrument, undertaking, commitment, understanding or other arrangement and any rights or benefits pursuant to any Proceeding.

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

“Bylaws” means the Amended and Restated Bylaws of AbbVie, substantially in the form of Exhibit A.

“Certificate of Incorporation” means the Amended and Restated Certificate of Incorporation of AbbVie, substantially in the form of Exhibit B.

“Change of Control” means, with respect to a Party, the occurrence after the Effective Time of any of the following: (i) the sale, conveyance or disposition, in one or a series

of related transactions, of all or substantially all of the assets of such Party to a Third Party that is not an Affiliate of such Party prior to such transaction or the first of such related transactions; (ii) the consolidation, merger or other business combination of a Party with or into any other Business Entity, immediately following which the then-current stockholders of the Party, as such, fail to own in the aggregate at least Majority Voting Power of the surviving party in such consolidation, merger or business combination or of its ultimate publicly-traded parent Business Entity; (iii) a transaction or series of transactions in which any Person or “group” (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) acquires Majority Voting Power of such Party (other than (a) a reincorporation or similar corporate transaction in which each of such Party’s stockholders owns, immediately thereafter, interests in the new parent company in substantially the same percentage as such stockholder owned in such Party immediately prior to such transaction, or (b) in connection with a transaction described in clause (ii), which shall be governed by such clause (ii)); or (iv) a majority of the board of directors of such Party ceasing to consist of individuals who have become directors as a result of being nominated or elected by a majority of such Party’s directors.

“CIA” has the meaning set forth in Section 2.02(e).

“Code” means the Internal Revenue Code of 1986, as amended.

“Commission” means the United States Securities and Exchange Commission.

“Competitive Business” has the meaning set forth in Section 5.09.

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

“Contract Database” means the electronic database of contracts prepared by the Parties and their respective Subsidiaries in connection with the transactions contemplated by this Agreement and the Ancillary Agreements on the eKnow platform, as of immediately prior to the Effective Time.

“Conveyance and Assumption Instruments” means, collectively, such deeds, bills of sale, asset transfer agreements, business transfer agreements, demerger plans, deeds or agreements, endorsements, assignments, assumptions (including Liability assumption agreements), leases, subleases, affidavits and other instruments of sale, conveyance, contribution, distribution, lease, transfer and assignment between Abbott or, where applicable, an Abbott Subsidiary or designee of Abbott, on the one hand, and AbbVie or, where applicable, an AbbVie Subsidiary, on the other hand, as may be necessary or advisable under the Laws of the relevant jurisdictions to effect the Separation.

“Custodial Party” has the meaning set forth in Section 6.03(a).

“Deferred AbbVie Local Business” has the meaning set forth in Section 2.03(a).

“Delayed Abbott Asset” has the meaning set forth in Section 2.05(a).

“Delayed Abbott Liability” has the meaning set forth in Section 2.05(a).

“Delayed AbbVie Asset” has the meaning set forth in Section 2.04(a).

“Delayed AbbVie Liability” has the meaning set forth in Section 2.04(a).

“Depakote Proceedings” means the Proceedings that are set forth on Schedule 1.01(k).

“Designees Discussion Period” has the meaning set forth in Section 7.01(a).

“Direct Claim” has the meaning set forth in Section 4.06(b).

“Dispute” has the meaning set forth in Section 7.01(a).

“Distribution” has the meaning set forth in the Recitals.

“Distribution Date” means the date of the consummation of the Distribution, which shall be determined by the board of directors of Abbott in its sole discretion.

“Effective Time” means 12:01 a.m. Eastern Time on the Distribution Date.

“Employee Inventor Remuneration Entitlement” has the meaning set forth in Section 5.08(g).

“Employee Matters Agreement” means the Employee Matters Agreement to be entered into by and between Abbott and AbbVie in connection with the Separation, the Distribution or the other transactions contemplated by this Agreement.

“Employment Tax” means withholding, payroll, social security, workers compensation, unemployment, disability and any similar 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.

“Estimated Deferred Taxes” means the deferred Taxes and prepaid Taxes as defined under GAAP, as reflected on the pro forma balance sheet accounts of AbbVie and the AbbVie Subsidiaries, as of the Distribution Date as determined by the Parties within sixty (60) days after the Distribution Date.

“Exchange Act” means the United States Securities Exchange Act of 1934, as amended, together with the rules and regulations promulgated thereunder.

“Ex-U.S. Transition Services Agreement” means the Ex-U.S. Transition Services Agreement to be entered into by and between Abbott and AbbVie or their respective Subsidiaries in connection with the Separation, the Distribution or the other transactions contemplated by this Agreement.

“Exclusive AbbVie Products” means the pharmaceutical products set forth on Schedule 1.01(l).

“Field-of-Use” means, with respect to each Licensed Patent Schedule, the specific field-of-use set forth in such Licensed Patent Schedule.

“Final Adjustment” has the meaning set forth in Section 2.15.

“Financing Arrangements” means the financing arrangements and agreements (other than the AbbVie Credit Facility) to be entered into prior to the Effective Time pursuant to which AbbVie shall be entitled to borrow a principal amount of at least \$15.7 billion dollars (US\$15,700,000,000).

“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.

“Former Business” means any Business Entity, division, business unit or business, including any business within the meaning of Rule 11-01(d) of Regulation S-X promulgated under the Exchange Act (in each case, including any Assets and Liabilities comprising the same) that is not owned, leased or operated by a Party or any of its Subsidiaries as of immediately prior to the Effective Time because it has been sold, conveyed, assigned, transferred or otherwise disposed of or divested to one or more Persons (other than a Party or any of its Subsidiaries) or the operations, activities or production of which has been discontinued, abandoned, completed or otherwise terminated, in each case, prior to the Effective Time.

“GAAP” means U.S. generally accepted accounting principles as applied by Abbott as of the Distribution Date.

“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.

“GPO” means the Global Pharmaceutical Operations Division of either Party or any of its Subsidiaries, which shall be understood to exclude the Established Pharmaceuticals Division of either Party or any of its Subsidiaries.

“GPRD” means the Global Pharmaceutical Research and Development Division of either Party or any of its Subsidiaries, which shall be understood to exclude the Established Pharmaceuticals Division of either Party or any of its Subsidiaries.

“Indemnifying Party” has the meaning set forth in Section 4.04(a).

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



“Indemnity Payment” has the meaning set forth in Section 4.04(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, or Other Intellectual Property.

“Information Statement” means the information statement forming a part of the Registration Statement as the same may be amended or supplemented from time to time prior to the Effective Time.

“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.

“International Commercial Operations Agreements” means, collectively, (i) the International Commercial Operations Agreement to be entered into prior to the Effective Time by and between Abbott and AbbVie and (ii) the Luxembourg International Commercial Operations Agreement to be entered into prior to the Effective Time by and between Abbott Investments Luxembourg S.a.r.l. and AbbVie Investments Luxembourg S.a.r.l.

“International Transition Period” means the period from the Effective Time to the later of: (i) the termination of the Ex-U.S. Transition Services Agreement; (ii) the Final Closing Date (as defined in the International Commercial Operations Agreement to be entered into between Abbott and AbbVie); and (iii) the Final Closing Date (as defined in the Luxembourg International Commercial Operations Agreement to be entered into between Abbott Investments Luxembourg S.a.r.l. and AbbVie Investments Luxembourg S.a.r.l.).

“International Transition Period Agreements” means, collectively, such International Commercial Operations Agreements, Ex-U.S. Transition Services Agreement, silent partnership agreements, undisclosed agency agreements and other agreements to be entered into by and between Abbott, or where applicable, an Abbott Subsidiary, on the one hand, and AbbVie or, where applicable, an AbbVie Subsidiary, on the other hand, pursuant to which: (i) Abbott or an Abbott Subsidiary manages and operates all or a portion of a Deferred AbbVie Local Business, a Delayed AbbVie Asset or a Delayed AbbVie Liability during the International Transition Period in order for the benefits and burdens relating to such Deferred AbbVie Local Business, Delayed AbbVie Asset or Delayed AbbVie Liability to inure from and after the Effective Time to AbbVie or an AbbVie Subsidiary; and (ii) Abbott and the Abbott Subsidiaries on the one hand, and AbbVie and the AbbVie Subsidiaries on the other hand, provide certain transitional services to the other during the International Transition Period.

“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.

“Licensed Patents” means, with respect to each Licensed Patent Schedule, any of the following that Licensor or any of its Affiliates, at any time during the term of this Agreement, owns, whether directly or indirectly, and has the right to grant a license as provided for under Section 5.08 without violating the terms of any agreement or other arrangement with any Third Party, in each case to the extent represented on such Licensed Patent Schedule: (i) all national, regional and international patents and patent applications, including provisional patent applications and patent applications filed from an invention disclosure; (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, converted provisionals, and continued prosecution applications; (iii) claims of continuation-in-part applications to the extent directed to subject matter disclosed in the applications or patents enumerated in clause (i) or (ii); (iv) 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; (v) 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 (vi) 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.

“Licensed Patent Schedule” has the meaning set forth in Section 5.08(a).

“Licensee” means, with respect to each Licensed Patent Schedule, the licensee of the licenses described in such Licensed Patent Schedule.

“Licensor” means, with respect to each Licensed Patent Schedule, the licensor of the licenses described in such Licensed Patent Schedule.

“Maintained Business” has the meaning set forth in Section 5.08(c).

“Majority Voting Power” means a majority of the ordinary voting power in the election of directors of all the outstanding voting securities of the resulting Business Entity or of the Party, respectively.

“Manufacture and Supply Agreements” means the Manufacture and Supply Agreements to be entered into by and between Abbott and AbbVie or their respective Subsidiaries in connection with the Separation, the Distribution or the other transactions contemplated by this Agreement.

“Mixed Account” means an account receivable or account payable relating to both the Abbott Business and the AbbVie Business.

“Mixed Contract” means any agreement to which either Party or any of its respective Subsidiaries and one or more Third Parties are a party as of immediately prior to the Effective Time that inures to the benefit or burden of both the Abbott Business and the AbbVie Business, other than those agreements that are described on Schedule 1.01(m).

“Non-Compete Period” has the meaning set forth in Section 5.09.

“Non-Custodial Party” has the meaning set forth in Section 6.03(a).

“Notice” means any written notice, request demand or other communication specifically referencing this Agreement and given in accordance with Section 9.05.

“NYSE” means the New York Stock Exchange.

“Other Intellectual Property” means all rights, title or interest in, under or in respect of: (i) published and unpublished works of authorship and copyrights therein, and all applications, registrations, and renewals in connection therewith; (ii) software, data, databases and compilations of information; (iii) registered or unregistered Trademarks; and (iv) inventions (whether patentable or not), formulas, processes, developments, technology, trade secrets and know-how.

“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, 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.

“Plea Agreement” has the meaning set forth in Section 2.02(e).

“Prime Rate” means the rate that Bloomberg displays as *Prime Rate by Country United States* at <http://www.bloomberg.com/markets/rates-bonds/key-rates/> or on a Bloomberg terminal at PRIMBB Index.

“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 Ancillary Agreement.

“Record Date” means the close of business on the date to be determined by the Abbott board of directors as the record date for determining holders of Abbott Common Shares entitled to participate in the Distribution.

“Record Holders” means the holders of record of Abbott Common Shares as of the close of business on the Record Date.

“Records Facility” has the meaning set forth in Section 6.03(a).

“Registration Statement” means the registration statement on Form 10 filed under the Exchange Act on June 4, 2012, pursuant to which the AbbVie Common Stock to be distributed in the Distribution has been registered, together with all amendments and supplements thereto.

“Remuneration Assessment” has the meaning set forth in Section 5.08(g)(ii).

“Representatives” has the meaning set forth in Section 6.08(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.

“Sold Business” has the meaning set forth in Section 5.08(c).

“Special Products” means the pharmaceutical products set forth on Schedule 1.01(n).

“Special Products Master Agreement” means the Special Products Master Agreement to be entered into by and between Abbott and AbbVie in connection with the Separation, the Distribution or the other transactions contemplated by this Agreement.

“Stored Records” has the meaning set forth in Section 6.03(a).

“Subsidiary” or “subsidiary” shall mean, 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.

“Tangible Information” means Information that is contained in written, electronic or other tangible forms.

“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.

“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” means the Tax Sharing Agreement to be entered into by and between Abbott and AbbVie or their respective Subsidiaries in connection with the Separation, the Distribution or the other transactions contemplated by this Agreement.

“Territory” means, with respect to a Licensed Patent, except as otherwise set forth on the applicable Licensed Patent Schedule, the entire world.

“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 4.05(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” means the entities set forth on Schedule 1.01(o).

“Transition Committee” has the meaning set forth in Section 2.14.

“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.

“U.S. Transition Services Agreement” means the U.S. Transition Services Agreement to be entered into by and between Abbott and AbbVie in connection with the Separation, the Distribution or the other transactions contemplated by this Agreement.

“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

### THE SEPARATION

#### Section 2.01. Formation of AbbVie.

(a) *Incorporation of AbbVie.* The Parties acknowledge that: (i) Abbott caused AbbVie to be incorporated in Delaware on April 10, 2012; and (ii) immediately prior to the Effective Time, Abbott shall be the sole stockholder of AbbVie.

(b) *Adoption of AbbVie’s Charter and Bylaws.* On or prior to the Distribution Date, Abbott and AbbVie shall take all necessary actions so that, as of the Effective Time, the Certificate of Incorporation and the Bylaws shall be the certificate of incorporation and bylaws of AbbVie.

(c) *AbbVie’s Directors and Officers.* On or prior to the Distribution Date, Abbott and AbbVie shall take all necessary actions so that as of the Effective Time: (i) the directors and executive officers of AbbVie shall be those set forth in the Information Statement mailed to the Record Holders prior to the Effective Time, unless otherwise agreed by the Parties; and (ii) AbbVie shall have such other officers as AbbVie shall appoint.

(d) *NYSE Listing.* AbbVie shall prepare and file, and shall use commercially reasonable efforts to have approved prior to the Effective Time, an application for the listing of the AbbVie Common Stock to be distributed in the Distribution and the shares of AbbVie Common Stock to be reserved for issuance pursuant to any director or employee benefit plan or arrangement on the NYSE (and such other stock exchanges as may be necessary or desirable), subject to official notice of distribution.

Section 2.02. The Separation. The Parties acknowledge that the Separation is intended to result in AbbVie owning the AbbVie Assets and assuming the AbbVie Liabilities as set forth below in this Article II and in the applicable Ancillary Agreements. Subject to Sections 2.03, 2.04 and 2.05, on or prior to the Distribution Date, in accordance with the plan of Separation for AbbVie:

(a) *Transfer and Assignment of AbbVie Assets.* Abbott shall, and shall cause the applicable Abbott Subsidiaries to, contribute, assign, transfer, convey and deliver to AbbVie or the applicable AbbVie Subsidiaries, and AbbVie or such AbbVie Subsidiaries shall accept from Abbott and the applicable Abbott Subsidiaries, all of Abbott's and such Abbott Subsidiaries' respective direct or indirect rights, title and interest in and to all of the AbbVie Assets, including all of the outstanding shares of capital stock or other ownership interests in the Transferred Entities, which shall result in AbbVie owning directly or indirectly all of the Transferred Entities (it being understood that if an AbbVie Asset shall be held by a Transferred Entity or a Subsidiary of a Transferred Entity, such AbbVie Asset may be assigned, transferred, conveyed and delivered for all purposes hereunder as a result of the transfer of all or substantially all of the equity interests in such Transferred Entity to AbbVie or an AbbVie Subsidiary).

(b) *Acceptance and Assumption of AbbVie Liabilities.* AbbVie and the applicable AbbVie Subsidiaries shall accept, assume and agree faithfully to perform, discharge and fulfill all of the AbbVie Liabilities in accordance with their respective terms, without regard for the manner in which or circumstances under which such AbbVie Liabilities arose or against whom they are asserted. AbbVie and the applicable AbbVie Subsidiaries shall be responsible for all AbbVie Liabilities, regardless of when or where such AbbVie Liabilities arose or arise, or whether the facts on which they are based occurred prior to, at or after the Effective Time, regardless of where or against whom such AbbVie Liabilities are asserted or determined (including any such AbbVie Liabilities arising out of claims made by Abbott's or AbbVie's respective Subsidiaries or Affiliates or by Representatives of Abbott or AbbVie or their respective Subsidiaries or Affiliates against either Party or any of its Subsidiaries or Affiliates) or whether asserted or determined prior to the date hereof, and regardless of whether arising from or alleged to arise from negligence, recklessness, violation of Law, fraud or misrepresentation by either Party or any of its Subsidiaries or Affiliates or any of their respective Representatives.

(c) *Transfer and Assignment of Abbott Assets.* Abbott and AbbVie shall cause AbbVie and any Business Entity that shall be an AbbVie Subsidiary after the Effective Time to contribute, assign, transfer, convey and deliver to Abbott or a Business Entity designated by Abbott that shall be an Abbott Subsidiary after the Effective Time all of AbbVie's and such AbbVie Subsidiary's respective direct or indirect rights, title and interest in and to all Abbott Assets held by AbbVie or an AbbVie Subsidiary.

(d) *Acceptance and Assumption of Abbott Liabilities.* Abbott and the applicable Abbott Subsidiaries shall accept, assume and agree faithfully to perform, discharge and fulfill, all of the Abbott Liabilities held by AbbVie or any Business Entity that shall be an AbbVie Subsidiary after the Effective Time, and Abbott and the applicable Abbott Subsidiaries shall be responsible for all of such Abbott Liabilities in accordance with their respective terms, without regard for the manner in which or circumstances under which such Abbott Liabilities arose or against whom they are asserted. Abbott and the applicable Abbott Subsidiaries shall be responsible for all Abbott Liabilities, regardless of when or where such Abbott Liabilities arose or arise, or whether the facts on which they are based occurred prior to, at or after the Effective Time, regardless of where or against whom such Abbott Liabilities are asserted or determined (including any such Abbott Liabilities arising out of claims made by Abbott's or AbbVie's respective Subsidiaries or Affiliates or by Representatives of Abbott or AbbVie or their respective Subsidiaries or Affiliates) or whether asserted or determined prior to the date hereof, and regardless of whether arising from or alleged to arise from negligence, recklessness, violation of Law, fraud or misrepresentation by either Party or any of its Subsidiaries or Affiliates or any of their respective Representatives.

(e) *Assumption of Plea Agreement and CIA.* Abbott and AbbVie agree and acknowledge that: (i) the conditions of probation and all other provisions of the Plea Agreement, dated May 7, 2012, between Abbott and the United States (the "Plea Agreement") are fully binding on AbbVie; (ii) AbbVie will be deemed to carry a prior conviction for purposes of Title 21, United States Code, Section 333(a)(2), and waives any right it may have to argue that it does not have such prior conviction; (iii) AbbVie's certification, resolution, and reporting requirements pursuant to the Plea Agreement will cover Abbott's conduct for any time period for which Abbott did not submit a certificate, resolution or report as a result of the fact that the Effective Time will have occurred prior to the due date of such certificate, resolution or report; (iv) AbbVie shall be bound by all of the terms and conditions of, and shall assume all the obligations of Abbott under, the Corporate Integrity Agreement between the Office of the Inspector General of the U.S. Department of Health and Human Services and Abbott, dated May 7, 2012 (the "CIA"); and (v) the transactions contemplated by this Agreement shall automatically, and without any further action by Abbott, AbbVie, the Office of Inspector General of the United States Department of Health and Human Services, the United States or any instrumentality thereof, effect a novation of the CIA as of the Effective Time, with AbbVie becoming the party to and replacing Abbott in all respects under the CIA, whereupon AbbVie shall be fully responsible for complying with the CIA, and Abbott shall have no obligation or liability under the CIA whatsoever.

Section 2.03. Deferred AbbVie Local Closings.

(a) *Deferral of Certain Transfers of AbbVie Assets and AbbVie Liabilities.* The Parties acknowledge that due to the requirements of applicable Laws, the need to obtain certain Consents from local Governmental Authorities or for other business reasons, the Parties have agreed to defer until after the Effective Time the transfer of legal title to all or a portion of the AbbVie Assets and the assumption of all or a portion of the AbbVie Liabilities from Abbott or the applicable Abbott Subsidiary to AbbVie or the applicable AbbVie Subsidiary or designee in each of the jurisdictions listed on Schedule 2.03(a) (each, a "Deferred AbbVie Local Business").



(b) *Treatment of Deferred AbbVie Local Businesses.* In each case as set forth in more detail in the International Transition Period Agreements, from and after the Effective Time, and until such time as the applicable Deferred AbbVie Local Business has been transferred to AbbVie or the applicable AbbVie Subsidiary or designee for the relevant jurisdiction, (i) the Deferred AbbVie Local Business shall be held by Abbott or, where applicable, by an Abbott Subsidiary or designee, on behalf of and for the benefit of AbbVie or, where applicable, an AbbVie Subsidiary or designee; (ii) Abbott or, where applicable, an Abbott Subsidiary or designee shall pay, perform and discharge fully the Liabilities of the Deferred AbbVie Local Business; and (iii) insofar as reasonably practicable and to the extent permitted by applicable Law, Abbott or, where applicable, an Abbott Subsidiary or designee shall manage and operate the applicable Deferred AbbVie Local Business in accordance with the relevant International Transition Period Agreement and take such other actions as may reasonably be requested by AbbVie so that all the benefits and Liabilities relating to such Deferred AbbVie Local Business, including use, risk of loss, potential for gain and control over such Deferred AbbVie Local Business, shall inure from and after the Effective Time to AbbVie or an AbbVie Subsidiary or designee. As and to the extent described in the International Transition Period Agreements, (i) Abbott or, where applicable, an Abbott Subsidiary or designee shall remit to AbbVie or an AbbVie Subsidiary or designee the amounts due in connection with the performance of each Deferred AbbVie Local Business; and (ii) AbbVie or, where applicable, an AbbVie Subsidiary or designee shall reimburse Abbott or an Abbott Subsidiary or designee for all payments made in connection with the performance of each Deferred AbbVie Local Business and the discharge of any Liabilities in connection therewith.

(c) *Alternative Arrangements for Transfers of Certain Deferred AbbVie Local Businesses.* Except as otherwise set forth on Schedule 2.03(c), if, in Abbott's reasonable judgment, a transfer of a Deferred AbbVie Local Business is not reasonably likely to occur prior to the second (2nd) anniversary of the Distribution Date, then, unless the Parties otherwise mutually agree, Abbott may, by delivery of Notice to AbbVie, request that the Parties expeditiously identify alternative means or structures by which any remaining Deferred AbbVie Local Business (or the benefits or Liabilities thereof) may be transferred (or otherwise made available) to AbbVie or an AbbVie Subsidiary or designee and, if the Parties fail to agree on any such alternative means or structures within thirty (30) calendar days following such written request of Abbott, then Abbott or the applicable Abbott Subsidiary or designee shall proceed to wind down any such Deferred AbbVie Local Business in accordance with the provisions of the applicable International Transition Period Agreement.

Section 2.04. Delayed Transfers of AbbVie Assets and AbbVie Liabilities.

(a) *Delayed AbbVie Transfers.* Subject to Section 2.03 and the terms of the International Transition Period Agreements, if and to the extent that the valid, complete and perfected transfer or assignment to AbbVie or an AbbVie Subsidiary or designee of any AbbVie Assets or the assumption by AbbVie or an AbbVie Subsidiary or designee of any AbbVie Liabilities would be a violation of applicable Law or requires a Consent that has not been obtained as of or prior to the Effective Time or the scheduled date of the local closing of a Deferred AbbVie Local Business under the terms of the applicable International Transition Period Agreement, as applicable, then, unless the Parties shall otherwise mutually agree, the transfer or assignment to AbbVie or the applicable AbbVie Subsidiary or designee of such

AbbVie Assets or the assumption by AbbVie or the applicable AbbVie Subsidiary or designee of such AbbVie Liabilities shall be automatically deemed deferred and any such purported transfer, assignment or assumption shall be null and void until such time as all legal impediments are removed or such Consent is obtained or, in the case of a Deferred AbbVie Local Business, until the consummation of the local closing of such Deferred AbbVie Local Business (any such AbbVie Asset, a “Delayed AbbVie Asset” and any such AbbVie Liability, a “Delayed AbbVie Liability”). Notwithstanding the foregoing, any Delayed AbbVie Assets or Delayed AbbVie Liabilities shall continue to constitute AbbVie Assets or AbbVie Liabilities, respectively, for all other purposes of this Agreement.

(b) *Treatment of Delayed AbbVie Assets and Delayed AbbVie Liabilities.* Subject to Section 2.03 and the terms of the International Transition Period Agreements, from and after the Effective Time, Abbott shall, and shall cause the Abbott Subsidiaries to, hold on behalf of and for the benefit of AbbVie or, where applicable, an AbbVie Subsidiary or designee, all Delayed AbbVie Assets, and to pay, perform and discharge fully all Delayed AbbVie Liabilities. AbbVie or the applicable AbbVie Subsidiary or designee shall promptly reimburse Abbott or the applicable Abbott Subsidiaries for all commercially reasonable payments made in connection with the performance and discharge of such Delayed AbbVie Liabilities. Each such Delayed AbbVie Asset or Delayed AbbVie Liability shall be held by Abbott or, where applicable, an Abbott Subsidiary or designee for, insofar as reasonably practicable, the benefit and burden of AbbVie or the applicable AbbVie Subsidiary or designee. Abbott and AbbVie shall, and shall cause their respective Subsidiaries to, take such other actions as may be reasonably requested by the other Party or any of its Subsidiaries in accordance with the provisions of this Agreement so that all the benefits and burdens relating to such Delayed AbbVie Asset and Delayed AbbVie Liability, including expenses, risk of loss, potential for gain and control of such Delayed AbbVie Asset and Delayed AbbVie Liability, shall inure from and after the Effective Time to AbbVie or the applicable AbbVie Subsidiaries or designees, without recourse of any kind to Abbott or any Abbott Subsidiary or designee. Any registration fees or recordation fees required to be paid to a Governmental Authority in connection with the transfer of a Delayed AbbVie Asset or a Delayed AbbVie Liability shall be shared equally between the Parties.

(c) *Transfer of Delayed AbbVie Assets and Delayed AbbVie Liabilities.* When and as the Parties agree, subject to Section 2.03 and the terms of the International Transition Period Agreements and provided that, as of such agreed-upon time (i) the necessary Consents for each Delayed AbbVie Asset or Delayed AbbVie Liability shall have been obtained; and (ii) the assumption by AbbVie or an AbbVie Subsidiary or designee of each Delayed AbbVie Asset or Delayed AbbVie Liability is not at such time a violation of applicable Law (or, in the case of a Deferred AbbVie Local Business, if later, upon the consummation of the local closing of such Deferred AbbVie Local Business):

(A) Abbott shall, and shall cause each Abbott Subsidiary to, contribute, assign, transfer, convey and deliver to AbbVie or such AbbVie Subsidiaries or designees as AbbVie may determine, and AbbVie shall, and shall cause such AbbVie Subsidiaries or designees to, accept from Abbott and the Abbott Subsidiaries all of Abbott’s and the Abbott Subsidiaries’ respective rights, title and interest in and to such Delayed AbbVie Assets; and

(B) AbbVie shall, and shall cause such AbbVie Subsidiaries or designees as AbbVie may determine to, accept, assume and agree faithfully to perform, discharge and fulfill such Delayed AbbVie Liabilities, in accordance with their terms.

Section 2.05. Delayed Transfers of Abbott Assets and Abbott Liabilities.

(a) *Delayed Abbott Transfers.* If and to the extent that the valid, complete and perfected transfer or assignment to Abbott or an Abbott Subsidiary or designee of any Abbott Assets or the assumption by Abbott or an Abbott Subsidiary or designee of any Abbott Liabilities would be a violation of applicable Law or require a Consent that has not been obtained as of or prior to the Effective Time or the scheduled date of the local closing of a Deferred AbbVie Local Business under the terms of the applicable International Transition Period Agreement, as applicable, then, unless the Parties shall otherwise mutually agree, the transfer or assignment to Abbott or the applicable Abbott Subsidiary or designee of such Abbott Assets or the assumption by Abbott or the applicable Abbott Subsidiary or designee of such Abbott Liabilities shall be automatically deemed deferred and any such purported transfer, assignment or assumption shall be null and void until such time as all legal impediments are removed or such Consent is obtained (any such Abbott Asset, a “Delayed Abbott Asset” and any such Abbott Liability, a “Delayed Abbott Liability”). Notwithstanding the foregoing, any Delayed Abbott Assets or Delayed Abbott Liabilities shall continue to constitute Abbott Assets or Abbott Liabilities, respectively, for all other purposes of this Agreement.

(b) *Treatment of Delayed Abbott Assets and Delayed Abbott Liabilities.* Except as otherwise provided herein or in any Ancillary Agreement, from and after the Effective Time, AbbVie shall, and shall cause the AbbVie Subsidiaries or designees to, hold on behalf of and for the benefit of Abbott or, where applicable, an Abbott Subsidiary or designee, all Delayed Abbott Assets, and to pay, perform and discharge fully all Delayed Abbott Liabilities. Abbott or the applicable Abbott Subsidiary or designee shall promptly reimburse AbbVie or the applicable AbbVie Subsidiaries or designees for all commercially reasonable payments made in connection with the performance and discharge of such Delayed Abbott Liabilities. Each such Delayed Abbott Asset or Delayed Abbott Liability shall be held by AbbVie or, where applicable, an AbbVie Subsidiary or designee for, insofar as reasonably practicable, the benefit and burden of Abbott or the applicable Abbott Subsidiary or designee. Abbott and AbbVie shall, and shall cause their respective Subsidiaries to, take such other actions as may be reasonably requested by the other Party or any of its Subsidiaries in accordance with the provisions of this Agreement so that all the benefits and burdens relating to such Delayed Abbott Asset and Delayed Abbott Liability, including expenses, risk of loss, potential for gain and control of such Delayed Abbott Asset and Delayed Abbott Liability, shall inure from and after the Effective Time to Abbott or the applicable Abbott Subsidiaries or designees, without recourse of any kind to AbbVie or any AbbVie Subsidiary. Any registration fees or recordation fees required to be paid to a Governmental Authority in connection with the transfer of a Delayed Abbott Asset or a Delayed Abbott Liability shall be shared equally between the Parties.

(c) *Transfer of Delayed Abbott Assets and Delayed Abbott Liabilities.* When and as the Parties agree and provided that, as of such agreed-upon time (i) the necessary Consents for each Delayed Abbott Asset or Delayed Abbott Liability shall have been obtained;

and (ii) the assumption by Abbott or an Abbott Subsidiary or designee of each Delayed Abbott Asset or Delayed Abbott Liability is not at such time a violation of applicable Law:

(A) AbbVie shall, and shall cause each AbbVie Subsidiary to, contribute, assign, transfer, convey and deliver to Abbott or such Abbott Subsidiaries or designees as Abbott may determine, and Abbott shall, and shall cause such Abbott Subsidiaries or designees to, accept from AbbVie and the AbbVie Subsidiaries all of AbbVie's and the AbbVie Subsidiaries' respective rights, title and interest in and to such Delayed Abbott Assets; and

(B) Abbott shall, and shall cause such Abbott Subsidiaries or designees as Abbott may determine to, accept, assume and agree faithfully to perform, discharge and fulfill such Delayed Abbott Liabilities, in accordance with their terms.

Section 2.06. Ancillary Agreements. Prior to the Effective Time, the Parties shall execute and deliver, or where applicable shall cause their respective Subsidiaries to execute and deliver, each Ancillary Agreement to which they are intended to be a party; provided, however, that if this Article II calls for an Ancillary Agreement to be executed and delivered on or as of a later time, it shall be executed and delivered on or as of such later time.

Section 2.07. Disclaimer of Representations and Warranties.

(a) 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 ANCILLARY AGREEMENT, NO PARTY TO THIS AGREEMENT, ANY ANCILLARY AGREEMENT OR OTHERWISE, IS: (X) REPRESENTING OR WARRANTING TO ANY OTHER PARTY HERETO OR THERETO IN ANY WAY AS TO (I) THE ASSETS, BUSINESSES OR LIABILITIES TRANSFERRED, LICENSED OR ASSUMED AS CONTEMPLATED HEREBY OR THEREBY; (II) ANY APPROVALS OR NOTIFICATIONS REQUIRED IN CONNECTION HEREWITH OR THEREWITH; (III) THE VALUE OR FREEDOM FROM ANY SECURITY INTERESTS OF, OR ANY OTHER MATTER CONCERNING, ANY ASSETS OF SUCH PARTY; (IV) THE ABSENCE OR PRESENCE 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 OR ANY OTHER ANCILLARY AGREEMENT TO CONVEY TITLE TO ANY ASSET OR THING OF VALUE UPON THE EXECUTION, DELIVERY AND FILING OF SUCH CONVEYANCE AND ASSUMPTION INSTRUMENTS OR SUCH OTHER ANCILLARY AGREEMENTS; OR (Y) 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 USE OR 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. EXCEPT AS MAY EXPRESSLY BE SET FORTH IN THIS AGREEMENT OR IN ANY ANCILLARY AGREEMENT, ALL SUCH ASSETS ARE BEING TRANSFERRED OR LICENSED 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 OR LICENSEES SHALL BEAR THE ECONOMIC AND LEGAL RISKS THAT (A) ANY CONVEYANCE AND ASSUMPTION INSTRUMENT OR ANY OTHER ANCILLARY AGREEMENT 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) 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 2.07(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 Liability or any Abbott 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 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.

(c) AbbVie hereby waives compliance by itself and each and every AbbVie Subsidiary with the requirements and provisions of any “bulk-sale” or “bulk transfer” Laws of any jurisdiction that may otherwise be applicable with respect to the transfer or sale of any or all of the AbbVie Assets to AbbVie or an AbbVie Subsidiary.

(d) Abbott hereby waives compliance by itself and each and every Abbott Subsidiary with the requirements and provisions of any “bulk-sale” or “bulk transfer” Laws of any jurisdiction that may otherwise be applicable with respect to the transfer or sale of any and all of the Abbott Assets to Abbott or an Abbott Subsidiary.

Section 2.08. Credit Facilities; Financing Arrangements; AbbVie Cash Distribution; AbbVie Notes Issuance.

(a) *Credit Facilities.* Prior to the Effective Time, Abbott shall enter into the Abbott Credit Facility, and Abbott and AbbVie shall enter into the AbbVie Credit Facility. Abbott and AbbVie agree to take all necessary actions to assure the full release and discharge of Abbott and each of the Abbott Subsidiaries from all obligations (including any guarantees) under the AbbVie Credit Facility as of no later than the Effective Time.

(b) *Financing Arrangements.* Prior to the Effective Time, the Financing Arrangements shall have been consummated. Abbott and AbbVie agree to take all necessary actions to assure the full release and discharge of Abbott and each of the Abbott Subsidiaries from all obligations thereunder as of no later than the Effective Time.

(c) *AbbVie Cash Distribution; AbbVie Notes Issuance.* Prior to the Effective Time, AbbVie shall: (i) make a cash distribution to Abbott in an amount equal to \$10.2 billion (\$10,200,000,000) in connection with the Separation and the Distribution (the “AbbVie Cash Distribution”); and (ii) issue approximately \$3.0 billion (\$3,000,000,000) in principal amount of 2.9% Senior Notes due 2022 of AbbVie to Abbott in partial consideration for the transfer of AbbVie Assets to AbbVie, which notes shall thereafter be immediately exchanged by Abbott with a Third Party for existing commercial paper of Abbott in satisfaction and discharge of such commercial paper.

(d) *Use of Proceeds from AbbVie Cash Distribution.* Upon receipt of the AbbVie Cash Distribution, Abbott shall deposit the proceeds in a segregated account and shall use the funds in that account to (i) repay a portion of Abbott’s maturing debt; and (ii) repurchase a portion of Abbott’s existing public debt in one (1) or more tender offers or otherwise, such repayments and repurchases to occur as promptly as practicable, including prior to the Distribution, but in no event later than one (1) year after the Effective Time.

(e) *Preparation of Materials.* Prior to the Effective Time, Abbott and AbbVie shall cooperate in the preparation of all materials as may be necessary or advisable to execute the Abbott Credit Facility, the AbbVie Credit Facility and the Financing Arrangements.

Section 2.09. Termination of Agreements.

(a) *Termination of Agreements Between Abbott and AbbVie.* Except as set forth in Section 2.09(b), the Parties agree that (i) all agreements, arrangements, commitments or understandings, whether or not in writing, entered into prior to the Effective Time between or among AbbVie or an AbbVie Subsidiary (other than a Transferred Entity that shall be transferred to AbbVie or an AbbVie Subsidiary after the Effective Time as part of a local closing of a Deferred AbbVie Local Business), on the one hand, and Abbott or an Abbott Subsidiary, on the other hand, shall be terminated effective as of immediately prior to the Effective Time; and (ii) all agreements, arrangements, commitments or understandings, whether or not in writing, entered into prior to a local closing of a Deferred AbbVie Local Business between or among a Transferred Entity that shall be transferred to AbbVie or an AbbVie Subsidiary after the Effective Time as part of a local closing of a Deferred AbbVie Local Business, on the one hand, and Abbott or an Abbott Subsidiary, on the other hand, shall be terminated effective as of immediately prior to such local closing; provided that the provisions of this Section 2.09(a) shall not terminate any rights or obligations (A) between Abbott and any of the Abbott Subsidiaries; or (B) between AbbVie and any of the AbbVie Subsidiaries.

(b) *Exceptions.* The provisions of Section 2.09(a) shall not apply to any of the following agreements, arrangements, commitments or understandings (or to any of the provisions thereof): (i) this Agreement and the Ancillary Agreements; (ii) any agreements, arrangements, commitments or understandings listed or described on Schedule 2.09(b)(ii); (iii)

any agreements, arrangements, commitments or understandings to which any Third Party is a party; and (iv) any agreements, arrangements, commitments or understandings, including any Mixed Contracts, to which any non-wholly owned Subsidiary of Abbott or AbbVie, as the case may be, is a party (it being understood that directors' qualifying shares or similar interests shall be disregarded for purposes of determining whether a Subsidiary is wholly owned). To the extent that the rights and obligations of Abbott or an Abbott Subsidiary under any agreements, arrangements, commitments or understandings not terminated under this Section 2.09 constitute AbbVie Assets or AbbVie Liabilities, they shall be assigned or assumed by AbbVie or the applicable AbbVie Subsidiary or designee pursuant to this Agreement.

Section 2.10. Settlement of Accounts between Abbott and AbbVie.

(a) All intercompany receivables and payables (i) as to which there are no Third Parties; and (ii) that are between Abbott or an Abbott Subsidiary that is incorporated in the United States, on the one hand, and AbbVie or an AbbVie Subsidiary that is incorporated in the United States, on the other hand, that exist as of immediately prior to the Effective Time, shall, as of immediately prior to the Effective Time, be settled, capitalized, cancelled, assigned or assumed by AbbVie or one or more AbbVie Subsidiaries, in each case in the manner determined prior to the Effective Time by duly authorized representatives of Abbott and AbbVie.

(b) All other intercompany receivables and payables (i) as to which there are no Third Parties; and (ii) that are between Abbott or an Abbott Subsidiary, on the one hand, and AbbVie or an AbbVie Subsidiary, on the other hand, that exist as of immediately prior to the Effective Time, shall, as of immediately after the Effective Time, continue as receivables or payables between Abbott or any Abbott Subsidiary, on the one hand, and AbbVie or any AbbVie Subsidiary, on the other hand, on the same terms and conditions as applied immediately prior to the Effective Time.

(c) Abbott and AbbVie each agrees to take, or cause their respective Subsidiaries to take, prior to the Effective Time, all actions necessary to amend all AbbVie Contracts governing each bank and brokerage account owned by AbbVie or an AbbVie Subsidiary (collectively, the "AbbVie Accounts"), so that such AbbVie Accounts, if currently linked (whether by automatic withdrawal, automatic deposit or any other authorization to transfer funds from or to, hereinafter "linked") to any bank or brokerage account owned by Abbott or an Abbott Subsidiary (collectively, the "Abbott Accounts"), including all Abbott Accounts listed or described on Schedule 2.10(c), are de-linked from the Abbott Accounts effective at or prior to the Effective Time.

(d) With respect to any outstanding checks issued by Abbott, AbbVie, or any of their respective Subsidiaries prior to the Effective Time, such outstanding checks shall be honored following the Effective Time by the Person owning the account on which the check is drawn.

(e) As between Abbott and AbbVie (and their respective Subsidiaries) all payments and reimbursements received after the Effective Time by either Party (or any of its Subsidiaries) in respect or satisfaction of a business, Asset or Liability of the other Party (or any of its Subsidiaries), shall be held by such Party in trust for the use and benefit of the Party

entitled thereto and, as promptly as commercially practicable or as otherwise agreed between the Parties, upon receipt by such Party of any such payment or reimbursement, such Party shall pay over, or shall cause its applicable Subsidiary to pay over, to the other Party the amount of such payment or reimbursement.

Section 2.11. Novation of Liabilities; Release of Guarantees.

(a) *Novation of AbbVie Liabilities.*

(i) Each of Abbott and AbbVie, at the request of the other Party, shall use commercially reasonable efforts to obtain, or cause to be obtained, any Consent, substitution, approval or amendment required to novate or assign all AbbVie Liabilities and obtain in writing the unconditional release of Abbott and each Abbott Subsidiary that is a party to any such arrangements, so that, in any such case, AbbVie and the designated AbbVie Subsidiaries shall be solely responsible for such AbbVie Liabilities; provided, however, that, except as otherwise expressly provided in the Ancillary Agreements, neither Abbott nor AbbVie (nor any of their respective Subsidiaries) shall be obligated to contribute any capital, pay any consideration, grant any concession or incur any additional Liability to any Third Party other than ordinary and customary fees to a Governmental Authority from whom such Consents, substitutions, approvals, amendments, terminations or releases are requested.

(ii) If Abbott or AbbVie is unable to obtain, or to cause to be obtained, any such required Consent, substitution, approval, amendment, termination or release, Abbott or the applicable Abbott Subsidiary shall continue to be bound by such arrangement and, unless not permitted by the terms thereof or by Law, AbbVie shall, as agent or subcontractor for Abbott or such Abbott Subsidiary, as the case may be, pay, perform and discharge fully all the obligations or other Liabilities of Abbott or such Abbott Subsidiary, as the case may be, that constitute AbbVie Liabilities thereunder from and after the Effective Time. Abbott shall cause each Abbott Subsidiary without further consideration, to pay and remit, or cause to be paid or remitted, to AbbVie, promptly all money, rights and other consideration received by it or an Abbott Subsidiary in respect of AbbVie's performance as agent or subcontractor for Abbott or such Abbott Subsidiary, as the case may be, with respect to such Liabilities of Abbott or the applicable Abbott Subsidiary (unless any such consideration is an Abbott Asset). Subject to Section 2.03, with respect to the local closing of a Deferred AbbVie Local Business, if and when any such Consent, substitution, approval, amendment, termination or release shall be obtained or the obligations under such arrangements shall otherwise become assignable or able to be novated, Abbott or the applicable Abbott Subsidiary shall promptly assign or novate, or cause to be assigned or novated, all its obligations and other Liabilities thereunder or any obligations of Abbott or an Abbott Subsidiary to AbbVie or its designated AbbVie Subsidiary without payment of further consideration and AbbVie or such AbbVie Subsidiary shall, without the payment of any further consideration, assume such obligations.

(b) *Novation of Abbott Liabilities.*

(i) Each of Abbott and AbbVie, at the request of the other Party, shall use commercially reasonable efforts to obtain, or cause to be obtained, any Consent, substitution, approval or amendment required to novate or assign all Abbott Liabilities and obtain in writing



the unconditional release of AbbVie and each AbbVie Subsidiary that is a party to any such arrangements, so that, in any such case, Abbott and the designated Abbott Subsidiaries shall be solely responsible for such Abbott Liabilities; provided, however, that, except as otherwise expressly provided in the Ancillary Agreements, neither Abbott nor AbbVie (nor any of their respective Subsidiaries) shall be obligated to contribute any capital, pay any consideration, grant any concession or incur any additional Liability to any Third Party other than ordinary and customary fees to a Governmental Authority from whom such Consents, substitutions, approvals, amendments, terminations or releases are requested.

(ii) If Abbott or AbbVie is unable to obtain, or to cause to be obtained, any such required Consent, substitution, approval, amendment, termination or release, AbbVie or the applicable AbbVie Subsidiary shall continue to be bound by such arrangement and, unless not permitted by the terms thereof or by Law, Abbott shall, as agent or subcontractor for AbbVie or such AbbVie Subsidiary, as the case may be, pay, perform and discharge fully all the obligations or other Liabilities of AbbVie or such AbbVie Subsidiary, as the case may be, that constitute Abbott Liabilities, as the case may be, thereunder from and after the Effective Time. AbbVie shall cause each AbbVie Subsidiary without further consideration, to pay and remit, or cause to be paid or remitted, to Abbott, promptly all money, rights and other consideration received by it or an AbbVie Subsidiary in respect of Abbott's performance as agent or subcontractor for AbbVie or such AbbVie Subsidiary, as the case may be, with respect to such Liabilities of AbbVie or the applicable AbbVie Subsidiary (unless any such consideration is an AbbVie Asset). If and when any such Consent, substitution, approval, amendment, termination or release shall be obtained or the obligations under such arrangements shall otherwise become assignable or able to be novated, AbbVie or the applicable AbbVie Subsidiary shall promptly assign or novate, or cause to be assigned or novated, all its obligations and other Liabilities thereunder or any obligations of AbbVie or an AbbVie Subsidiary to Abbott or its designated Abbott Subsidiary without payment of further consideration and Abbott or such Abbott Subsidiary shall, without the payment of any further consideration, assume such obligations.

(c) *Release of Guarantees.*

(i) Except as otherwise expressly set forth in any International Transition Period Agreements, each of Abbott and AbbVie, at the request of the other Party, shall use commercially reasonable efforts, as soon as is reasonably practicable, to (A) have AbbVie or an AbbVie Subsidiary removed as guarantor of or obligor for any Abbott Liability to the extent that such guarantees or obligations relate to Abbott Liabilities, which shall include the removal of any Security Interest on or in any AbbVie Asset that may serve as collateral or security for any such Abbott Liability; and (B) have Abbott or an Abbott Subsidiary removed as guarantor of or obligor for any AbbVie Liability to the extent that such guarantees or obligations relate to AbbVie Liabilities, which shall include the removal of any Security Interest on or in any Abbott Asset that may serve as collateral or security for any such AbbVie Liability; provided, however, that, except as otherwise expressly provided in the Ancillary Agreements and without limiting the requirements under Section 2.11(c)(ii), the use of commercially reasonable efforts under this Section 2.11(c)(i) shall not obligate either Abbott or AbbVie (nor any of their respective Subsidiaries) to contribute any capital, pay any consideration, grant any concession or incur any additional Liability to any Third Party other than ordinary and customary fees to a

Governmental Authority from whom such Consents, substitutions, amendments, terminations or releases are requested.

(ii) To the extent required to obtain a release from a guarantee:

(A) of Abbott or an Abbott Subsidiary, AbbVie shall execute a guarantee agreement in the form of the existing guarantee or such other form as is agreed to by the relevant parties to such guarantee agreement, which agreement shall include the removal of any Security Interest on or in any Abbott Asset that may serve as collateral or security for any such AbbVie Liability, except to the extent that such existing guarantee contains representations, covenants or other terms or provisions either with which AbbVie (1) would be reasonably unable to comply or (2) would not reasonably be able to avoid breaching; and

(B) of AbbVie or an AbbVie Subsidiary, Abbott shall execute a guarantee agreement in the form of the existing guarantee or such other form as is agreed to by the relevant parties to such guarantee agreement, which agreement shall include the removal of any Security Interest on or in any AbbVie Asset that may serve as collateral or security for any such Abbott Liability, except to the extent that such existing guarantee contains representations, covenants or other terms or provisions either with which Abbott (1) would be reasonably unable to comply or (2) would not reasonably be able to avoid breaching.

(iii) If Abbott or AbbVie is unable to obtain, or to cause to be obtained, any such required removal or release as set forth in clauses (i) and (ii) of this Section 2.11(c), (A) the Party or its relevant Subsidiary that has assumed the Liability with respect to such guarantee shall indemnify and hold harmless the guarantor or obligor against or from any Liability arising from or relating thereto (in accordance with the provisions of Article IV) and shall or shall cause one of its Subsidiaries, as agent or subcontractor for such guarantor or obligor, to pay, perform and discharge fully all the obligations or other Liabilities of such guarantor or obligor thereunder; and (B) except as otherwise expressly set forth in the International Transition Period Agreements, each of Abbott and AbbVie, on behalf of themselves and their respective Subsidiaries, agree not to renew or extend the term of, increase its obligations under, or transfer to a Third Party, any loan, guarantee, lease, contract or other obligation for which the other Party or such Party's Subsidiaries is or may be liable unless all obligations of such other Party and the Subsidiaries of such other Party with respect thereto are thereupon terminated by documentation reasonably satisfactory in form and substance to such other Party.

Section 2.12. Mixed Contracts; Mixed Accounts.

(a) *Mixed Contracts.* Except as may otherwise be agreed by the Parties and except as otherwise contemplated by any International Transition Period Agreement, in the case of a Mixed Contract, the Parties shall use commercially reasonable efforts to cause such Mixed Contract to be: (i) assigned in relevant part to AbbVie or an AbbVie Subsidiary (or to Abbott or an Abbott Subsidiary if the contracting party is a Transferred Entity) if so assignable; (ii) appropriately amended, prior to, on or after the Effective Time (or, in the case of a Mixed Contract that inures to the benefit or burden of both Abbott or an Abbott Subsidiary, on the one hand, and a Transferred Entity that shall be transferred to AbbVie or an AbbVie Subsidiary after the Effective Time as part of a local closing of a Deferred AbbVie Local Business under the

terms of the applicable International Transition Period Agreement, on the other hand, on or after such local closing); or (iii) replaced or otherwise addressed with suitable arrangements, in either case so that each Party or their respective Subsidiaries shall be entitled to the rights and benefits and shall assume the related portion of any obligations and Liabilities inuring to their respective businesses; provided, however, that in no event shall either Party or its respective Subsidiaries be required to assign or amend any Mixed Contract in its entirety or to assign a portion of any Mixed Contract that is not assignable or cannot be amended by its terms (including any terms imposing Consents or conditions on an assignment where such Consents or conditions have not been obtained or fulfilled). If any Mixed Contract cannot be so partially assigned, or cannot be amended, or if such assignment or amendment would impair the benefit the parties thereto derive from such Mixed Contract and such Mixed Contract is not replaced or otherwise addressed with suitable arrangements, Abbott and AbbVie shall, and shall cause each of their respective Subsidiaries to, take such other reasonable and permissible actions to cause: (A) the Assets associated with that portion of each Mixed Contract that relates to the AbbVie Business to be enjoyed by AbbVie or an AbbVie Subsidiary; (B) the Liabilities associated with that portion of each Mixed Contract that relates to the AbbVie Business to be borne by AbbVie or an AbbVie Subsidiary; (C) the Assets associated with that portion of each Mixed Contract that relates to the Abbott Business to be enjoyed by Abbott or an Abbott Subsidiary; and (D) the Liabilities associated with that portion of each Mixed Contract that relates to the Abbott Business to be borne by Abbott or an Abbott Subsidiary.

(b) *Mixed Accounts.* Except as may otherwise be agreed by the Parties and except as otherwise contemplated by any International Transition Period Agreement, the Parties shall not seek to assign any Mixed Account. Except as may otherwise be agreed by the Parties and except as otherwise contemplated by any International Transition Period Agreement, Abbott and AbbVie shall, and shall cause each of their respective Subsidiaries to, take such other reasonable and permissible actions to cause (i) the Assets associated with that portion of each Mixed Account that relates to the Abbott Business to be enjoyed by Abbott or an Abbott Subsidiary; (ii) the Liabilities associated with that portion of each Mixed Account that relates to the Abbott Business to be borne by Abbott or an Abbott Subsidiary; (iii) the Assets associated with that portion of each Mixed Account that relates to the AbbVie Business to be enjoyed by AbbVie or an AbbVie Subsidiary; and (iv) the Liabilities associated with that portion of each Mixed Account that relates to the AbbVie Business to be borne by AbbVie or an AbbVie Subsidiary.

(c) *No Payments.* Nothing in this Section 2.12 shall require either Party or any of its Subsidiaries to make any payment (except to the extent advanced, assumed or agreed in advance to be reimbursed by the other Party or any of the other Party's Subsidiaries), incur any obligation or grant any concession for the benefit of the other Party or any of the other Party's Subsidiaries, in each case, in order to effect any transaction contemplated by this Section 2.12.

Section 2.13. Further Assurances.

(a) *Additional Actions.* Except as set forth in Section 3.04 and Article VIII, 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, prior

to and after the Effective Time to take, or cause to be taken, all actions, 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 Ancillary Agreements; provided, however, that neither Abbott nor AbbVie (nor any of their respective Subsidiaries) shall be obligated under this Section 2.13(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 and except to the extent otherwise contemplated in connection with a Deferred AbbVie Local Business under Section 2.03, prior to and after the Effective Time, 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 Conveyance and Assumption Instruments 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 Ancillary Agreements, in order to effectuate the provisions and purposes of this Agreement and the Ancillary Agreements and the transfers of the AbbVie Assets and the Abbott Assets and the assignment and assumption of the AbbVie Liabilities and the Abbott Liabilities as contemplated by this Agreement and the other transactions contemplated hereby and thereby.

(c) *Misallocations.* Except to the extent otherwise contemplated in connection with a Deferred AbbVie Local Business under Section 2.03, a Delayed AbbVie Asset or Delayed AbbVie Liability under Section 2.04 or a Delayed Abbott Asset or Delayed Abbott Liability under Section 2.05, in the event that, at any time or from time to time (whether prior to, at or after the Effective Time), one Party or any of its Subsidiaries shall receive or otherwise possess any Asset that is allocated to the other Party or any Subsidiary of such other Party pursuant to this Agreement or any Ancillary Agreement, the first Party shall promptly transfer, or cause its Subsidiary to transfer, such Asset to the Party so entitled thereto or such Party's Subsidiary or designee and such Party or such Party's Subsidiary or designee shall accept such Asset; provided that, the terms of this Section 2.13(c) are not intended to limit or otherwise modify in any way the Parties' rights and obligations under this Agreement or the Tax Sharing Agreement. Except to the extent otherwise contemplated in connection with a Deferred AbbVie Local Business under Section 2.03, a Delayed AbbVie Asset or Delayed AbbVie Liability under Section 2.04 or a Delayed Abbott Asset or Delayed Abbott Liability under Section 2.05, in the event that, at any time or from time to time (whether prior to, at or after the Effective Time), one Party or any of its Subsidiaries shall receive or otherwise assume any Liability that is allocated to the other Party or any Subsidiary of such other Party pursuant to this Agreement or any Ancillary Agreement, the first Party shall promptly transfer, or cause its Subsidiary to transfer, such Liability to the Party so entitled thereto or such Party's Subsidiary or designee, and such Party or such Party's Subsidiary or designee shall accept, assume and agree faithfully to perform such Liability; provided that, the terms of this Section 2.13(c) are not intended to limit or otherwise modify in any way the Parties' rights and obligations under this Agreement or the Tax Sharing Agreement.

Section 2.14. Transition Committee. Prior to the Effective Time, the Parties shall establish a transition committee (the "Transition Committee") that shall consist of an equal number of members from Abbott and AbbVie. The Transition Committee shall be responsible for monitoring and managing all matters related to any of the transactions contemplated by this Agreement or any Ancillary Agreements. The Transition Committee shall have the authority to (a) establish one or more subcommittees from time to time as it deems appropriate or as may be described in any Ancillary Agreements, with each such subcommittee comprised of one or more members of the Transition Committee or one or more employees of either Party or any of its Subsidiaries, and each such subcommittee having such scope of responsibility as may be determined by the Transition Committee from time to time; (b) delegate to any such committee any of the powers of the Transition Committee; and (c) to combine, modify the scope of responsibility of, and disband any such subcommittees, and to modify or reverse any such delegations. The Transition Committee shall establish general procedures for managing the responsibilities delegated to it under this Section 2.14, and may modify such procedures from time to time. All decisions by the Transition Committee or any subcommittee thereof shall be effective only if mutually agreed by both Parties. The Parties shall utilize the procedures set forth in Article VII to resolve any matters as to which the Transition Committee is not able to reach a decision.

Section 2.15. Accounting for Deferred Taxes. No later than December 15, 2013, Abbott shall determine the difference, if any, between the Estimated Deferred Taxes and the Actual Deferred Taxes (the "Adjustment") and shall provide AbbVie with a schedule that sets forth the Adjustment and how it was calculated. AbbVie shall provide a Notice to Abbott of any disagreement with the Adjustment within twenty (20) days of receipt of the schedule setting forth the Adjustment and its calculation. AbbVie and Abbott shall use commercially reasonable efforts to resolve any disagreement by January 31, 2014 and, if the Parties are unable to agree prior to such date, the Parties shall utilize the procedures set forth in Article VII (except those set forth in Section 7.01(a)(i)) to resolve such disagreement (such Adjustment, as modified to reflect the disposition of any disagreement, the "Final Adjustment"). Abbott and AbbVie shall, and shall cause their respective Subsidiaries to, reflect the Final Adjustment to shareholders' equity on their respective books.

### ARTICLE III

#### THE DISTRIBUTION

Section 3.01. Actions Prior to the Distribution. Prior to the Effective Time and subject to the terms and conditions set forth herein, the Parties shall take, or cause to be taken, the following actions in connection with the Distribution:

(a) Notice to NYSE. Abbott shall, to the extent possible, give the NYSE not less than ten (10) days' advance notice of the Record Date in compliance with Rule 10b-17 under the Exchange Act.

(b) Securities Law Matters. AbbVie shall file any amendments or supplements to the Registration Statement as may be necessary or advisable in order to cause the Registration Statement to become and remain effective as required by the Commission or

federal, state or other applicable securities Laws. Abbott and AbbVie shall cooperate in preparing, filing with the Commission and causing to become effective registration statements or amendments thereof which are required to reflect the establishment of, or amendments to, any employee benefit and other plans necessary or advisable in connection with the transactions contemplated by this Agreement and the Ancillary Agreements. Abbott and AbbVie shall take all such action as may be necessary or advisable under the securities or blue sky Laws of the United States (and any comparable Laws under any non-U.S. jurisdiction) in connection with the transactions contemplated by this Agreement and the Ancillary Agreements.

(c) *Mailing of Information Statement.* Abbott shall, as soon as is reasonably practicable after the Registration Statement is declared effective under the Exchange Act and the board of directors of Abbott has approved the Distribution, cause the Information Statement to be mailed to the Record Holders.

(d) *The Distribution Agent.* Abbott shall enter into a distribution agent agreement with the Agent or otherwise provide instructions to the Agent regarding the Distribution.

(e) *Stock-Based Employee Benefit Plans.* At or prior to the Effective Time, Abbott and AbbVie shall take all actions as may be necessary to approve the stock-based employee benefit plans of AbbVie in order to satisfy the requirements of Rule 16b-3 under the Exchange Act and the applicable rules and regulations of the NYSE.

(f) *Satisfying Conditions to Distribution.* Abbott and AbbVie shall cooperate to cause the conditions to the Distribution set forth in this Article III to be satisfied and to effect the Distribution at the Effective Time.

Section 3.02. The Distribution. Subject to the terms and conditions contained herein:

(a) *Delivery of AbbVie Common Stock.* On or prior to the Distribution Date, Abbott shall deliver to the Agent, for the benefit of the Record Holders, book-entry transfer authorizations for such number of the outstanding shares of AbbVie Common Stock as is necessary to effect the Distribution.

(b) *Effective Time of Distribution.* The Distribution shall be effective at the Effective Time.

(c) *Distribution of Shares and Cash.* Abbott shall instruct the Agent to distribute, as soon as practicable following the Effective Time, to each Record Holder the following:

(i) one share of AbbVie Common Stock for each Abbott Common Share held by such Record Holder as of the Record Date; and

(ii) cash, if applicable, in lieu of fractional shares obtained in the manner provided in Section 3.03.

(d) *Transfer Authorizations.* AbbVie agrees to provide all book-entry transfer authorizations for shares of AbbVie Common Stock that Abbott or the Agent shall require (after giving effect to Section 3.03) in order to effect the Distribution.

Section 3.03. Fractional Shares; Unclaimed Shares.

(a) *No Fractional Shares.* Notwithstanding anything herein to the contrary, no fractional shares of AbbVie Common Stock shall be issued in connection with the Distribution, and any such fractional share interests to which a Record Holder would otherwise be entitled shall not entitle such Record Holder to vote or to any other rights as a stockholder of AbbVie. In lieu of any such fractional shares, each Record Holder who, but for the provisions of this Section 3.03, would be entitled to receive a fractional share interest of AbbVie Common Stock pursuant to the Distribution, shall be paid cash, without any interest thereon, as hereinafter provided. Abbott shall instruct the Agent to determine the number of whole shares and fractional shares of AbbVie Common Stock allocable to each Record Holder, to aggregate all such fractional shares into whole shares, to sell the whole shares obtained thereby in the open market at the then-prevailing prices on behalf of each Record Holder who otherwise would be entitled to receive fractional share interests and to distribute to each such Record Holder his, her or its ratable share of the total proceeds of such sale, after making appropriate deductions of the amounts required for U.S. federal income tax withholding purposes and after deducting any applicable transfer Taxes and the costs and expenses of such sale and distribution, including brokers fees and commissions. The sales of fractional shares shall occur as soon after the Effective Time as practicable and as determined by the Agent. None of Abbott, AbbVie or the Agent shall guarantee any minimum sale price for the fractional shares of Abbott Common Shares. Neither Abbott nor AbbVie shall pay any interest on the proceeds from the sale of fractional shares. The Agent shall have the sole discretion to select the broker-dealers through which to sell the aggregated fractional shares and to determine when, how and at what price to sell such shares. Neither the Agent nor the broker-dealers through which the aggregated fractional shares are sold shall be Affiliates of Abbott or AbbVie.

(b) *Beneficial Owners.* Solely for purposes of computing fractional share interests pursuant to this Section 3.03, the beneficial owner of Abbott Common Shares held of record in the name of a nominee in any nominee account shall be treated as the holder of record with respect to such shares.

(c) *Unclaimed Stock or Cash.* Any AbbVie Common Stock or cash in lieu of fractional shares with respect to AbbVie Common Stock that remain unclaimed by any Record Holder one hundred and eighty (180) days after the Distribution Date shall be delivered to AbbVie, AbbVie shall hold such AbbVie Common Stock for the account of such Record Holder and the Parties agree that all obligations to provide such AbbVie Common Stock and cash, if any, in lieu of fractional share interests shall be obligations of AbbVie, subject in each case to applicable escheat or other abandoned property Laws, and Abbott shall have no Liability with respect thereto.

Section 3.04. Sole Discretion of Abbott. Notwithstanding anything to the contrary set forth in this Agreement or in any Ancillary Agreement, until the Effective Time, Abbott shall have the sole discretion to determine whether to proceed with the Distribution and any and all

terms of the Distribution, including the form, structure and terms of any transaction(s) or offering(s) to effect the Distribution and the timing of and conditions to the consummation of the Distribution. In addition, Abbott may, in its sole discretion, determine the Distribution Date and may, at any time and from time to time until the Effective Time, modify or change the terms of the Distribution, including by accelerating or delaying the timing of the consummation of the Distribution.

Section 3.05. Conditions to the Distribution.

(a) *The Conditions.* In addition to Abbott's rights under Section 3.04, the Distribution shall not occur unless each of the following conditions shall have been satisfied (or waived by Abbott, in whole or in part, in its sole discretion):

(i) the transfer of the AbbVie Assets (other than any Delayed AbbVie Asset) and AbbVie Liabilities (other than any Delayed AbbVie Liability) contemplated to be transferred from Abbott to AbbVie on or prior to the Distribution Date shall have occurred as contemplated by Section 2.02;

(ii) the Registration Statement shall have been declared effective by the Commission; no stop-order shall be in effect with respect thereto; no Proceeding for that purpose shall have been instituted or threatened by the Commission; and the Information Statement shall have been mailed to the Record Holders;

(iii) Abbott shall have received the proceeds from the AbbVie Cash Distribution and shall be satisfied in its sole discretion that, as of the Effective Time, it shall have no further Liability whatsoever under the AbbVie Credit Facility or the Financing Arrangements (including in connection with any guarantees provided by Abbott or an Abbott Subsidiary thereunder), it being acknowledged by the Parties that prior to the date hereof, AbbVie issued approximately \$3.0 billion in principal amount of 2.9% Senior Notes due 2022 of AbbVie to Abbott in partial consideration for the transfer of AbbVie Assets to AbbVie, and such 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;

(iv) the actions and filings with regard to securities and blue sky Laws of the United States (and any comparable Laws under any foreign jurisdictions) described in Section 3.01 shall have been taken and, where applicable, shall have become effective or been accepted;

(v) the AbbVie Common Stock to be distributed in the Distribution shall have been accepted for listing on the NYSE, subject to official notice of issuance;

(vi) no order, injunction or decree issued by any Governmental Authority or other legal restraint or prohibition preventing the consummation of the Distribution or any of the other transactions related thereto, including the Separation, contemplated by this Agreement or any Ancillary Agreement shall be in effect;

(vii) Abbott shall have received a private letter ruling from the United States Internal Revenue Service to the effect that, among other things, the Distribution shall



qualify as a tax-free distribution 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 to AbbVie or certain AbbVie Subsidiaries of certain AbbVie Assets and the assumption by AbbVie or certain AbbVie Subsidiaries of certain of the AbbVie Liabilities in connection with the Separation shall not result in the recognition of any gain or loss to Abbott, AbbVie, certain Abbott Subsidiaries, certain AbbVie Subsidiaries, Abbott's shareholders or AbbVie's stockholders for U.S. federal income tax purposes, and such private letter ruling shall not have been revoked or modified in any material respect;

(viii) Abbott shall have received an opinion from its outside counsel to the effect that the Separation and the Distribution shall qualify as a transaction that is described in Sections 355(a) and 368(a)(1)(D) of the Code;

(ix) no events or developments shall have occurred or exist that, in the judgment of the board of directors of Abbott, in its sole discretion, makes it inadvisable to effect the Separation, the Distribution or the other transactions contemplated by this Agreement or any Ancillary Agreement;

(x) the Parties shall have executed and delivered or, where applicable, shall have caused their respective Subsidiaries to execute and deliver, the Ancillary Agreements that are contemplated by this Agreement to be executed and delivered on or prior to the Effective Time; and

(xi) an independent appraisal firm acceptable to Abbott shall have delivered one or more opinions to the board of directors of Abbott confirming the solvency and financial viability of Abbott before the consummation of the Distribution and each of Abbott and AbbVie after consummation of the Distribution, and such opinions shall be acceptable to Abbott in form and substance in Abbott's sole discretion and such opinions shall not have been withdrawn or rescinded.

(b) Conditions for Benefit of Abbott. The foregoing conditions are for the sole benefit of Abbott and not for the benefit of any other Person and shall not give rise to nor create any duty on the part of Abbott or Abbott's board of directors to waive or not waive any such condition or in any way limit Abbott's right to terminate this Agreement as set forth in Article VIII or alter the consequences of any such termination from those specified in such Article VIII. Any determination made by Abbott prior to the Distribution concerning the satisfaction or waiver of any or all of the conditions set forth in this Section 3.05 shall be conclusive and binding on the Parties hereto. If Abbott waives any material condition, it shall promptly issue a press release disclosing such fact and file a report on Form 8-K with the Commission describing such waiver.

## ARTICLE IV

### MUTUAL RELEASES; INDEMNIFICATION

#### Section 4.01. Releases.

(a) *AbbVie Release of Abbott.* Except as provided in Section 4.01(c) and in the provisos to this Section 4.01(a), effective as of the Effective Time, AbbVie does hereby, for itself, each of the AbbVie Subsidiaries, and their respective successors and assigns, and, to the extent permitted by Law, all Persons who at any time prior to the Effective Time have been directors, officers, agents or employees of AbbVie or any of the AbbVie Subsidiaries (in each case, in their respective capacities as such), remise, release and forever discharge: (1) Abbott, each Abbott Subsidiary, and their respective successors and assigns; (2) all Persons who at any time are or have been shareholders, directors, officers, agents or employees of Abbott or an Abbott Subsidiary (in each case, in their respective capacities as such), and their respective heirs, executors, administrators, successors and assigns; and (3) all Persons who at any time prior to the Effective Time are or have been shareholders, directors, officers, agents or employees of a Transferred Entity and who are not, as of immediately following the Effective Time, directors, officers or employees of AbbVie or an AbbVie Subsidiary or designated to be employees of AbbVie or an AbbVie Subsidiary upon the transfer to AbbVie of the applicable Deferred AbbVie Local Business, in each such case from:

(i) all AbbVie Liabilities; and

(ii) all Liabilities existing or arising: (A) in connection with the implementation of the Separation and the Distribution; or (B) from actions, inactions, events, omissions, conditions, facts or circumstances occurring or existing prior to the Effective Time (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), in each case to the extent relating to, arising out of or resulting from the AbbVie Business, the AbbVie Assets or the AbbVie Liabilities;

provided, however, that nothing in this Section 4.01(a) shall release the Persons released in this Section 4.01(a) from: (x) any Liability expressly allocated to Abbott or an Abbott Subsidiary in this Agreement (including the indemnification obligations in Section 4.03 and the contribution obligations in Section 4.07), any Ancillary Agreement or any other agreement, arrangement, commitment or understanding to the extent expressly preserved pursuant to Section 2.09(b); (y) any intercompany receivables or payables that are not settled, capitalized, cancelled, assigned or assumed by AbbVie or one or more AbbVie Subsidiaries prior to the Effective Time; or (z) any Liability the release of which would result in the release of any Person other than the Persons released in this Section 4.01(a), and, provided, further, that nothing in this Section 4.01(a) shall relieve any Person released in this Section 4.01(a) who, after the Effective Time, is a director, officer or employee of AbbVie or an AbbVie Subsidiary and is no longer a director, officer or employee of Abbott or an Abbott Subsidiary from Liabilities arising out of, relating to or resulting from his or her service as a director, officer or employee of AbbVie or any of the AbbVie Subsidiaries after the Effective Time.

(b) *Abbott Release of AbbVie.* Except as provided in Section 4.01(c) and in the proviso to this Section 4.01(b), effective as of the Effective Time, Abbott does hereby, for itself, each of the Abbott Subsidiaries, and their respective successors and assigns, and, to the extent permitted by Law, all Persons who at any time prior to the Effective Time have been directors, officers, agents or employees of Abbott or any of the Abbott Subsidiaries (in each case,

in their respective capacities as such), remise, release and forever discharge AbbVie, each AbbVie Subsidiary and their respective successors and assigns from:

(i) all Abbott Liabilities; and

(ii) all Liabilities existing or arising: (A) in connection with the implementation of the Separation and the Distribution; or (B) from actions, inactions, events, omissions, conditions, facts or circumstances occurring or existing prior to the Effective Time (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), in each case to the extent relating to, arising out of or resulting from the Abbott Business, the Abbott Assets or the Abbott Liabilities;

provided, however, that nothing in this Section 4.01(b) shall release the Persons released in this Section 4.01(b) from: (x) any Liability expressly allocated to AbbVie or an AbbVie Subsidiary in this Agreement (including the indemnification obligations in Section 4.02 and the contribution obligations in Section 4.07), any Ancillary Agreement or any other agreement, arrangement, commitment or understanding to the extent expressly preserved pursuant to Section 2.09(b); (y) any intercompany receivables or payables that are not settled, capitalized, cancelled, assigned or assumed by AbbVie or one or more AbbVie Subsidiaries prior to the Effective Time; or (z) any Liability the release of which would result in the release of any Person other than the Persons released in this Section 4.01(b).

(c) *Abbott Obligations Not Affected.* Nothing contained in this Article IV shall release Abbott or an Abbott Subsidiary from honoring its obligations existing immediately prior to the Effective Time to (i) indemnify any director, officer or employee of AbbVie or an AbbVie Subsidiary who was a director, officer or employee of Abbott or an Abbott Subsidiary on or prior to the Effective Time, to the extent such director, officer or employee was entitled in such capacity to such indemnification pursuant to obligations existing immediately prior to the Effective Time; provided that if a director of AbbVie receives indemnification payments from Abbott or AbbVie, as the case may be, with respect to a particular Liability for which such director is entitled to indemnification, such director shall not be entitled to receive indemnification payments from the other Party with respect to the same Liability to the extent of the indemnification payments previously received by such director from Abbott or AbbVie, as the case may be; provided, further, that (A) to the extent the events underlying an indemnification claim would give rise to an Abbott Liability, then Abbott shall have primary responsibility for the administration of the indemnification claim and (B) to the extent that the events underlying an indemnification claim would give rise to an AbbVie Liability, then AbbVie shall have primary responsibility for the administration of the indemnification claim; or (ii) provide any employment, post-employment or retirement benefits to any director, officer or employee of AbbVie or an AbbVie Subsidiary who was a director, officer or employee of Abbott or an Abbott Subsidiary on or prior to the Effective Time, to the extent such director, officer or employee was entitled to such benefits pursuant to obligations existing immediately prior to the Effective Time, except as otherwise provided in the Employee Matters Agreement.

(d) *No AbbVie Claims.* Without limiting the rights of either Party under Section 4.04, 4.05 or 4.06, AbbVie shall not make, and shall not permit an AbbVie Subsidiary to

make, any claim or demand, or commence any Proceeding asserting any claim or demand, including any claim of contribution or indemnification, against Abbott or an Abbott Subsidiary or any other Person released pursuant to Section 4.01(a), with respect to any Liabilities released pursuant to Section 4.01(a).

(e) *No Abbott Claims.* Without limiting the rights of either Party under Section 4.04, 4.05 or 4.06, Abbott shall not make, and shall not permit an Abbott Subsidiary to make, any claim or demand, or commence any Proceeding asserting any claim or demand, including any claim of contribution or indemnification, against AbbVie or an AbbVie Subsidiary or any other Person released pursuant to Section 4.01(b), with respect to any Liabilities released pursuant to Section 4.01(b).

(f) *Subsidiary Releases.* At any time at or after the Effective Time, at the request of either Party, the other Party shall cause its Subsidiaries to execute and deliver releases reflecting the provisions of this Section 4.01.

Section 4.02. Indemnification by AbbVie. Except as otherwise specifically set forth in any provision of this Agreement or of any 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; provided, however, that the indemnity in this Section 4.02 for AbbVie Liabilities shall not extend to a past, present or future 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 4.03. Indemnification by Abbott. Except as otherwise specifically set forth in any provision of this Agreement or of any 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; provided, however, that the indemnity in this Section 4.03 for Abbott Liabilities shall not extend to a past, present or future director, officer, employee or agent of Abbott or an Abbott Subsidiary to the extent (a) 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 4.04. 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 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 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 Sections 4.04(a)(ii) and 4.04(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 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 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 IV. 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 Ancillary Agreement.

Section 4.05. 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 Agreement or any 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 4.05(a) shall not relieve the related Indemnifying Party of its obligations under this Article IV, except to the extent that such Indemnifying Party is actually prejudiced by such failure to give the Notice in accordance with this Section 4.05(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 4.05(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 4.05(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. Notwithstanding anything to the contrary in this Agreement, the defense of any Proceeding described on Schedule 4.05(b) shall be conducted and controlled as set forth on such schedule.

(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 4.05(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. Notwithstanding anything to the contrary, the costs and expenses of the Proceedings described on Schedule 4.05(b) shall be allocated as set forth on such Schedule.

(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 be at the expense of such Indemnitee or Indemnifying Party, as the case may be, and the provisions of Section 4.05(c) shall not apply to such fees and expenses. Notwithstanding the foregoing, subject to Sections 6.06 and 6.07, 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 IV 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 4.05 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 VII. 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.

Section 4.06. 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 IV 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 IV) 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 IV 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 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 4.06(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 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 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 Ancillary Agreement; (ii) an adequate 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 4.05 and this Section 4.06, 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 4.07. Right of Contribution.

(a) *Contribution.* If any right of indemnification contained in Section 4.02 or 4.03 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) *Allocation of Relative Fault.* Solely for purposes of determining relative fault pursuant to this Section 4.07: (i) any fault associated with the business conducted with the Deferred AbbVie Local Businesses, Delayed AbbVie Assets or Delayed AbbVie Liabilities (except for the gross negligence or intentional misconduct of Abbott or an Abbott Subsidiary) or with the ownership, operation or activities of the AbbVie Business prior to the Effective Time shall be deemed to be the fault of AbbVie and the AbbVie Subsidiaries, and no such fault shall be deemed to be the fault of Abbott or an Abbott Subsidiary; (ii) any fault associated with the business conducted with Delayed Abbott Assets or Delayed Abbott Liabilities (except for the gross negligence or intentional misconduct of AbbVie or an AbbVie Subsidiary) shall be deemed to be the fault of Abbott and the Abbott Subsidiaries, and no such fault shall be deemed to be the fault of AbbVie or an AbbVie Subsidiary; and (iii) any fault associated with the ownership, operation or activities of the Abbott Business prior to the Effective Time shall be deemed to be the fault of Abbott and the Abbott Subsidiaries, and no such fault shall be deemed to be the fault of AbbVie or the AbbVie Subsidiaries.

(c) *Contribution Procedures.* The provisions of Sections 4.04 through 4.10 and Sections 5.04 through 5.07 shall govern any contribution claims.

Section 4.08. 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 Liabilities by AbbVie and the AbbVie Subsidiaries on the terms and conditions set forth in this Agreement and the Ancillary Agreements is void or unenforceable for any reason; (b) the retention of any Abbott Liabilities by Abbott and the Abbott Subsidiaries on the terms and conditions set forth in this Agreement and the Ancillary Agreements is void or unenforceable for any reason, or (c) the provisions of this Article IV are void or unenforceable for any reason.

Section 4.09. Remedies Cumulative. The remedies provided in this Article IV shall be cumulative and, subject to the provisions of Sections 4.08 and 7.01, 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 4.10. Survival of Indemnities. The rights and obligations of each of the Parties and their respective Indemnitees under this Article IV 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.

## ARTICLE V

### CERTAIN OTHER MATTERS

Section 5.01. No Right to Use Regulatory Information. Except as otherwise set forth on Schedule 5.01: (a) none of Abbott or any of the Abbott Subsidiaries shall have a right of reference to or otherwise be entitled to use the regulatory filings, drug master file, or other regulatory information related to any Exclusive AbbVie Products; and (b) none of AbbVie or any of the AbbVie Subsidiaries shall have a right of reference to or otherwise be entitled to use the regulatory filings, drug master file, or other regulatory information owned or controlled by Abbott or any of the Abbott Subsidiaries for any products in the Abbott Business.

Section 5.02. Directors and Officers Insurance; Fiduciary Liability Insurance.

(a) Prior to the Effective Time, Abbott shall obtain and fully pay for a directors and officers liability run-off insurance policy, for claims made after the Effective Time covering wrongful acts that have occurred prior to the Effective Time and arising out of or relating to AbbVie and the AbbVie Subsidiaries and the AbbVie Business (as the AbbVie Business exists as of immediately after the Effective Time), with a policy period of at least six (6) years from and after the Effective Time, covering (i) any Persons who, as of or at any time prior to the Effective Time, are or have been directors or officers of Abbott or the Abbott Subsidiaries; (ii) any Persons who, as of or at any time prior to the Effective Time, are or have been directors or officers of AbbVie or the AbbVie Subsidiaries; and (iii) Abbott and the Abbott Subsidiaries and AbbVie and the AbbVie Subsidiaries and the AbbVie Business (as the AbbVie Business exists as of immediately after the Effective Time). Such directors and officers liability run-off insurance policy shall be consistent in all material respects with the directors and officers liability insurance policy maintained by Abbott as of the Effective Time (except for the policy period and provisions excluding coverage for wrongful acts occurring after the Effective Time).

(b) Prior to the Effective Time, Abbott shall obtain and fully pay for a fiduciary liability run-off insurance policy, for claims made after the Effective Time covering wrongful acts that have occurred prior to the Effective Time and arising out of or relating to AbbVie and the AbbVie Subsidiaries and the AbbVie Business (as the AbbVie Business exists as

of immediately after the Effective Time), with a policy period of at least six (6) years from and after the Effective Time, covering (i) any Persons who, as of or at any time prior to the Effective Time, are or have been fiduciaries of Abbott or the Abbott Subsidiaries; (ii) any Persons who, as of or at any time prior to the Effective Time, are or have been fiduciaries of AbbVie or the AbbVie Subsidiaries or the AbbVie Business (as the AbbVie Business exists as of immediately after the Effective Time); and (iii) Abbott and the Abbott Subsidiaries and AbbVie and the AbbVie Subsidiaries and the AbbVie Business (as the AbbVie Business exists as of immediately after the Effective Time). Such fiduciary liability run-off insurance policy shall be consistent in all material respects with the fiduciary liability insurance policy maintained by Abbott as of the Effective Time (except for the policy period and provisions excluding coverage for wrongful acts occurring after the Effective Time).

Section 5.03. Insurance Matters.

(a) AbbVie acknowledges and agrees, on its own behalf and on behalf of each of the AbbVie Subsidiaries, that, from and after the Effective Time, neither AbbVie nor any of the AbbVie Subsidiaries shall have any rights to or under any of Abbott's or the Abbott Subsidiaries' insurance policies, other than any insurance policies acquired prior to the Effective Time directly by and in the name of a member of AbbVie or any of the AbbVie Subsidiaries or as expressly provided in Section 4.06(f) or this Section 5.03 or in the Employee Matters Agreement.

(b) Notwithstanding Section 5.03(a), from and after the Effective Time, with respect to any Liability incurred by AbbVie or any of the AbbVie Subsidiaries prior to the Effective Time, Abbott shall provide AbbVie with access to, and AbbVie may make claims under insurance policies purchased by Abbott if and to the extent that the terms of such policies provide such coverage to AbbVie or the AbbVie Subsidiaries, and subject to the terms and conditions of such insurance policies, including any limits on coverage or scope, any deductibles and other fees and expenses, and subject to the following additional conditions:

(i) AbbVie shall report claims under such policies directly to the applicable insurance company, as promptly as practicable, and shall provide a copy of all such claim reports to the Corporate Risk Management Department of Abbott, and if Abbott disagrees with any matter covered in such reports, Abbott may notify the applicable insurance company, and shall provide a copy of such communication to the Corporate Risk Management Department of AbbVie;

(ii) AbbVie shall exclusively bear and be responsible for (and Abbott shall have no obligation to repay or reimburse AbbVie or any of the AbbVie Subsidiaries for) and pay the applicable insurers as required under the applicable insurance policies for any and all costs as a result of having access to, or making claims under, any insurance provided pursuant to this Section 5.03(b), including any deductibles and self-insured retention associated with such claims, retrospective, retroactive or prospective premium adjustments associated with the applicable insurance policies, catastrophic coverage charges, overhead, claim handling and administrative costs, Taxes, surcharges, state assessments, reinsurance costs, other related costs and claim payments, relating to all open, closed, re-opened claims covered by the applicable policies, whether such claims are made by AbbVie, its employees or Third Parties, and AbbVie

shall indemnify, hold harmless and reimburse Abbott and the Abbott Subsidiaries for any deductibles and self-insured retention incurred by Abbott or the Abbott Subsidiaries to the extent resulting from any access to, any claims made by AbbVie or any of the AbbVie Subsidiaries under, any insurance provided pursuant to this Section 5.03(b), including any indemnity payments, settlements, judgments, legal fees and allocated claims expenses and claim handling fees, whether such claims are made by AbbVie, any AbbVie Subsidiary, their respective employees or Third Parties;

(iii) AbbVie shall exclusively bear (and Abbott shall have no obligation to repay or reimburse AbbVie or any of the AbbVie Subsidiaries for) and shall be liable for all uninsured, uncovered, unavailable or uncollectible amounts of all such claims made by AbbVie or any of the AbbVie Subsidiaries under the policies as provided for in this Section 5.03(b); and

(iv) Neither AbbVie nor any AbbVie Subsidiary, in connection with making a claim under any insurance policy of Abbott or any Abbott Subsidiary pursuant to this Section 5.03(b), shall take any action that would be reasonably likely to: (A) have an adverse impact on the then-current relationship between Abbott or any Abbott Subsidiary, on the one hand, and the applicable insurance company, on the other hand; (B) result in the applicable insurance company terminating or reducing coverage, or increasing the amount of any premium owed by Abbott or any Abbott Subsidiary under the applicable insurance policy; or (C) otherwise compromise, jeopardize or interfere with the rights of Abbott or any Abbott Subsidiary under the applicable insurance policy.

At all times, the Parties shall, and shall cause their respective Subsidiaries to, cooperate with reasonable requests for information by the other Party or the insurance companies regarding any such insurance policy claim.

(c) Any payments, costs and adjustments required pursuant to Section 5.03(b) shall be billed by Abbott, on behalf of itself and the Abbott Subsidiaries, to AbbVie on a monthly basis and AbbVie, on behalf of itself and the AbbVie Subsidiaries, shall pay such payments, costs and adjustments to Abbott within sixty (60) days from receipt of invoice. If Abbott incurs costs to enforce AbbVie's obligations under this Section 5.03, AbbVie agrees to indemnify Abbott for such enforcement costs, including reasonable attorneys' fees.

(d) At the Effective Time, AbbVie shall have in effect all insurance programs required to comply with AbbVie's statutory and contractual obligations and such other insurance policies as reasonably necessary or customary for companies operating a business similar to the AbbVie Business. Such insurance programs include general liability, commercial auto liability, workers' compensation, employers liability, product liability, professional services liability, property, cargo, employment practices liability, employee dishonesty/crime, aircraft hull and liability, directors' and officers' liability, fiduciary liability and special accident.

(e) AbbVie agrees, on its own behalf and on behalf of the AbbVie Subsidiaries, that, from the Effective Time until the sixth (6th) anniversary of the Effective Time, Abbott and the Abbott Subsidiaries shall be named as additional insureds or loss payee, whichever is appropriate, under any of AbbVie's or the AbbVie Subsidiaries' insurance policies in respect of any Abbott Liabilities arising out of the AbbVie Business or any wrongful acts or

omissions prior to the Effective Time to the extent the applicable insurance carrier permits it. AbbVie shall indemnify, hold harmless and reimburse Abbott and the Abbott Subsidiaries for any and all costs incurred by Abbott or the Abbott Subsidiaries to the extent resulting from any AbbVie's or the AbbVie Subsidiaries' insurance policies in which Abbott or any of the Abbott Subsidiaries are named as additional insureds, including any deductibles, self-insured retentions or uninsured losses.

(f) Except as otherwise provided in Section 4.06(e), neither Abbott nor any of the Abbott Subsidiaries shall have any obligation to secure extended reporting for any claims under any of Abbott's or the Abbott Subsidiaries' claims-made or occurrence-reported liability policies for any acts or omissions by AbbVie or any AbbVie Subsidiary incurred prior to the Effective Time.

(g) This Agreement shall not be considered as an attempted assignment of any policy of insurance or as a contract of insurance and shall not be construed to waive any right or remedy of either Abbott or any Abbott Subsidiary in respect of any of the Abbott insurance policies and programs or any other contract or policy of insurance.

Section 5.04. Late Payments. Except as provided in any Ancillary Agreement, any amount not paid when due pursuant to this Agreement or any Ancillary 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%.

Section 5.05. Treatment of Payments for Tax Purposes. For all Tax purposes, the Parties agree to treat (i) any payment required by this Agreement (other than payments with respect to interest accruing after the Effective Time) as either a contribution by Abbott to AbbVie or a distribution by AbbVie to Abbott, as the case may be, occurring immediately prior to the Effective Time or as a payment of an assumed or retained Liability; and (ii) any payment of interest as taxable or deductible, as the case may be, to the Party entitled under this Agreement to retain such payment or required under this Agreement to make such payment, in either case except as otherwise required by applicable Law.

Section 5.06. Inducement. AbbVie acknowledges and agrees that Abbott's willingness to cause, effect and consummate the Separation and the Distribution has been conditioned upon and induced by AbbVie's covenants and agreements in this Agreement and the Ancillary Agreements, including AbbVie's assumption of the AbbVie Liabilities pursuant to the Separation and the provisions of this Agreement and AbbVie's covenants and agreements contained in Article IV.

Section 5.07. Post-Effective Time Conduct. The Parties acknowledge that, after the Effective Time, each Party shall be independent of the other Party, with responsibility for its own actions and inactions and its own Liabilities relating to, arising out of or resulting from the conduct of its business, operations and activities following the Effective Time, except as may otherwise be provided in any Ancillary Agreement, and each Party shall (except as otherwise provided in Article IV, including Sections 4.02 and 4.03) use commercially reasonable efforts to prevent such Liabilities from being inappropriately borne by the other Party.

Section 5.08. Licensed Patents. The Parties have determined that certain Patents will need to be used by both Parties after the Separation and therefore wish to establish license terms with respect to such Patents.

(a) *Grant of Rights to Licensee*. Subject to the terms of the applicable section of Schedule 5.08(a)(i) through Schedule 5.08(vi) (each section of Licensed Patents set forth on each of Schedule 5.08(a)(i) through Schedule 5.08(vi), a “Licensed Patent Schedule”), on a Licensed Patent Schedule-by-Licensed Patent Schedule basis:

(i) Abbott shall, and shall cause its Affiliates to (in each case to the extent each such Affiliate has granting rights), grant to AbbVie and its Affiliates a non-exclusive, perpetual, irrevocable, fully paid and royalty free right and license to make, have made, use, sell, have sold, offer for sale, or import under the Licensed Patents set forth on the applicable section of Schedule 5.08(a)(i) in the Territory in the Field-of-Use.

(ii) Abbott shall, and shall cause its Affiliates to (in each case to the extent each such Affiliate has granting rights), grant to AbbVie and its Affiliates an exclusive, perpetual, irrevocable, fully paid and royalty free right and license to make, have made, use, sell, have sold, offer for sale or import under the Licensed Patents set forth on the applicable section of Schedule 5.08(a)(ii) in the Territory in the Field-of-Use.

(iii) Abbott shall, and shall cause its Affiliates to (in each case to the extent each such Affiliate has granting rights), grant to AbbVie and its Affiliates a co-exclusive, perpetual, irrevocable, fully paid, royalty-free right and license to make, have made, use, sell, have sold, offer for sale or import under the Licensed Patents set forth on the applicable section of Schedule 5.08(a)(iii) in the Territory in the Field-of-Use.

(iv) AbbVie shall, and shall cause its Affiliates to (in each case to the extent each such Affiliate has granting rights), grant to Abbott and its Affiliates a non-exclusive, perpetual, irrevocable, fully paid and royalty free right and license to make, have made, use, sell, have sold, offer for sale, or import under the Licensed Patents set forth on the applicable section of Schedule 5.08(a)(iv) in the Territory in the Field-of-Use.

(v) AbbVie shall, and shall cause its Affiliates to (in each case to the extent each such Affiliate has granting rights), grant to Abbott and its Affiliates an exclusive, perpetual, irrevocable, fully paid and royalty free right and license to make, have made, use, sell, have sold, offer for sale or import under the Licensed Patents set forth on the applicable section of Schedule 5.08(a)(v) in the Territory in the Field-of-Use.

(vi) AbbVie shall, and shall cause its Affiliates to (in each case to the extent each such Affiliate has granting rights), grant to Abbott and its Affiliates a co-exclusive, perpetual, irrevocable, fully paid, royalty-free right and license to make, have made, use, sell, have sold, offer for sale or import under the Licensed Patents set forth on the applicable section of Schedule 5.08(a)(vi) in the Territory in the Field-of-Use.

(b) *Sublicense Rights.* Subject to the terms of a particular Licensed Patent Schedule, Licensee or its Affiliates may grant sublicenses under the licenses in Section 5.08(a) solely to (i) Third Parties conducting research and development for Licensee or its Affiliates, or (ii) bona fide Third Party collaborators, co-marketers, distributors or other commercial partners of Licensee or its Affiliates, in each case, only to the extent such sublicense is: (x) pursuant to a written agreement with Licensee or its Affiliates; and (y) reasonably necessary for and limited to the purpose of the research, development, collaboration, co-marketing, distribution or other similar arrangement with Licensee or its Affiliates in the applicable Field-of-Use (*i.e.*, excluding Third Parties who have no significant relationship with Licensee or its Affiliates other than the sublicense arrangement). Licensee shall provide Notice to Licensor of each sublicense granted hereunder, and shall provide Licensor with the name and address of each sublicensee and a description of the rights granted and the territory covered by each sublicense; provided such notice requirement does not apply to research agreements, clinical study agreements, investigator initiated studies, service agreements, manufacturing agreements, distribution agreements, promotion agreements and the like that may contain a limited express or implied sublicense to perform the research, study, services or other activities that are the subject of said agreement.

(c) *Sale of Business.* To the extent Licensee sells, divests or otherwise transfers to a Third Party an entire product line, Affiliate, division or other business unit (“Sold Business”) in a transaction that does not constitute a Change of Control of Licensee, and: (i) the activities of the Sold Business, but for the license granted under this Section 5.08, would infringe a claim of a Licensed Patent at the time of the sale or other transfer; and (ii) Licensee maintains a business that, but for the license granted under this Section 5.08, would infringe such Licensed Patent at the time of such sale, divestiture or other transfer (the “Maintained Business”), then Licensor shall grant to Licensee the right to grant to the Third Party acquiring such Sold Business a non-exclusive sublicense to said Licensed Patent, subject to the terms and conditions of this Section 5.08 and the applicable Licensed Patent Schedule, and only to the extent the activities of the Sold Business would be infringing such Licensed Patent, but for the foregoing license, at the time of such sale, divestiture or other transfer. Upon any such sale, divestiture or other transfer involving a sublicense grant as contemplated by this Section 5.08(c), Licensee shall provide a Notice to Licensor setting forth the name and address of each such Third Party. In the event Licensee sells, divests or otherwise transfers substantially all of the business related to such Licensed Patent, or engages in a Change of Control, then the rights of the Third Party acquiring such Sold Business shall be determined in accordance with Section 9.03.

(d) *Obligations with Respect to Affiliates.* To the extent that any Affiliate of Licensee exercises any rights or obligations of Licensee under this Section 5.08, Licensee shall ensure that such Affiliate exercises such rights and obligations in a manner consistent with, and subject to the applicable provisions of, this Section 5.08.

(e) *Rights in Bankruptcy.* All Licensed Patents and licenses granted under or pursuant to this Section 5.08 are, and shall otherwise be deemed to be, for purposes of Section 365(n) of the U.S. Bankruptcy Code or any analogous provisions in any other country or jurisdiction, licenses of rights to “intellectual property” as defined under Section 101 of the U.S. Bankruptcy Code. The Parties agree that each of them as a Licensee of such rights under this Section 5.08, as applicable, shall retain and may fully exercise all of their rights and elections under the U.S. Bankruptcy Code or any analogous provisions in any other country or

jurisdiction. The Parties further agree that, in the event of the commencement of a bankruptcy proceeding by or against either Party under the U.S. Bankruptcy Code or any analogous provisions in any other country or jurisdiction, the Party that is not a party to such proceeding shall be entitled to a complete duplicate of (or complete access to, as appropriate) any such intellectual property and all embodiments of such intellectual property, which, if not already in the non-subject Party's possession, shall be promptly delivered to it: (i) upon the subject Party's receipt of a Notice from the non-subject Party requesting such information, unless the Party subject to such proceeding elects to continue to perform all of its obligations under this Section 5.08; or (ii) if not delivered under clause (i) above, following the rejection of this Section 5.08 by or on behalf of the subject Party upon receipt of a Notice from the non-subject Party requesting such information.

(f) *Prosecution, Maintenance and Enforcement of Patent Rights.* Unless otherwise set forth in a Licensed Patent Schedule, Licensor shall have the sole right, but not the obligation, to prepare, file, prosecute, maintain, enforce and defend the Licensed Patents at Licensor's sole cost and expense.

(g) *Inventor Remuneration.* If, in respect of an invention underlying a Licensed Patent, any payment is owed from or after the Effective Time by Licensor or Licensee 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:

(i) If and to the extent that the actions or events that give rise to an Employee Inventor Remuneration Entitlement are related exclusively to Licensee, Licensee shall indemnify and hold harmless Licensor 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 Licensor, Licensor shall indemnify and hold harmless Licensee 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 both to Licensee and Licensor, 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,

(ii) 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: (x) any Proceeding; (y) any consultations, negotiations or agreement with the relevant employee or a body of employees; or (z) a unilateral decision of a Party (each of (x) through (z), 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 delayed, conditioned or withheld).

(iii) Each Party shall provide the other Party with any information about the commercial exploitation of the relevant Licensed 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 subsections (i) and (ii) above.

(h) *License Term.* Each license granted pursuant to this Section 5.08 shall be effective as of the Effective Time and shall continue in full force and effect until the earlier of: (i) on a Licensed Patent Schedule-by-Licensed Patent Schedule basis, the expiration of the last to expire of the Licensed Patents on such Licensed Patent Schedule; (ii) the execution and delivery by each of the Parties of a written agreement terminating such license; or (iii) with respect to any Licensed Patent Schedule, delivery of a Notice by Licensee to Licensor terminating the licenses provided for in such Licensed Patent Schedule. The provisions of Section 5.08(e) and Section 5.08(g) shall survive the expiration or termination of the applicable licenses granted pursuant to this Section 5.08 and shall remain in full force and effect thereafter.

Section 5.09. Non-Compete. During the period commencing on the Distribution Date and ending on the tenth (10<sup>th</sup>) anniversary of the Distribution Date (or, if not enforceable for such period in any country under the antitrust/competition laws of such country, for such period as will be enforceable in such country under the antitrust/competition laws of such country) (the "Non-Compete Period"), except as otherwise expressly contemplated in this Agreement or the International Transition Period Agreements, Abbott and the Abbott Subsidiaries shall not, directly or indirectly, engage in the business of discovering, researching, developing, importing, exporting, manufacturing, marketing, distributing, promoting or selling anywhere in the world any anti-TNF antibody, JAK inhibitor or IL-12 inhibitor (the "Competitive Business"); provided, however, that this Section 5.09 shall not prevent Abbott or any of the Abbott Subsidiaries from (i) discovering, researching, developing, importing, exporting, manufacturing, marketing, distributing, promoting or selling any medical device that is sold separately by Abbott or any Abbott Subsidiary and is used in conjunction with and is ancillary to an anti-TNF antibody, JAK inhibitor or IL-12 inhibitor (e.g., a syringe), or any diagnostic product; (ii) purchasing or acquiring, or being the holder or beneficial owner for passive investment purposes of, equity securities of a Person that, directly or indirectly, engages in the Competitive Business; provided that, in the case of this clause (ii), the aggregate holdings of Abbott and the Abbott Subsidiaries of such equity securities in such Person during the Non-Compete Period shall not exceed five percent (5%) of the outstanding equity securities of such Person; or (iii) purchasing or acquiring (whether by merger, an asset, stock or equity acquisition or otherwise), and thereafter being the holder or beneficial owner of, at least a majority of the equity securities or consolidated assets of a Person that, directly or indirectly, engages in the Competitive Business; provided that, in the case of this clause (iii), Abbott shall cause such Person, as promptly as practicable following such purchase or acquisition (and in no event later than 12 months after such purchase or acquisition), to cease engaging in the Competitive Business during the Non-Compete Period, whether by divestiture or otherwise, for as long as such Person shall remain an Abbott Subsidiary.

## ARTICLE VI

### EXCHANGE OF INFORMATION; CONFIDENTIALITY

#### Section 6.01. Agreement for Exchange of Information; Archives.

(a) *Exchange of Information.* Except as otherwise provided in any Ancillary Agreement, each of Abbott and AbbVie, on behalf of itself and its respective Subsidiaries and Affiliates, shall use commercially reasonable efforts to provide or make available, or cause to be provided or made available, to the other Party, at any time before or after the Effective Time, as soon as reasonably practicable after written request therefor, any Information (or a copy thereof) in the possession or under the control of either Party or any of its Subsidiaries to the extent that (i) such Information relates to the AbbVie Business, or any AbbVie Asset or AbbVie Liability, if AbbVie is the requesting Party, or to the Abbott Business, or any Abbott Assets or Abbott Liability, if Abbott is the requesting Party; (ii) such Information is required by the requesting Party to comply with its obligations under this Agreement or any Ancillary Agreement; or (iii) such Information is required by the requesting Party to comply with any obligation imposed by any Governmental Authority; provided, however, that, in the event that the Party to whom the request has been made determines that any such provision of Information 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 compliance with such obligations to the extent and in a manner that avoids any such harm or consequence. The Party providing Information pursuant to this Section 6.01(a) shall only be obligated to provide such Information in the form, condition and format in which it then exists and in no event shall such Party be required to perform any improvement, modification, conversion, updating or reformatting of any such Information, and nothing in this Section 6.01(a) shall expand the obligations of the Parties under Section 6.03.

(b) *Access to Specified Information.* Without limiting the generality of the foregoing, until the first AbbVie fiscal year end occurring after the Effective Time (and for a reasonable period of time afterwards as required for each of Abbott and AbbVie to prepare consolidated financial statements or complete a financial statement audit for the fiscal year during which the Distribution Date occurs), each of Abbott and AbbVie shall use its commercially reasonable efforts to cooperate with the other Party's Information requests to enable (i) the other Party to meet its timetable for dissemination of its earnings releases, financial statements and management's assessment of the effectiveness of its disclosure controls and procedures and its internal control over financial reporting in accordance with Items 307 and 308, respectively, of Regulation S-K promulgated under the Exchange Act; and (ii) the other Party's accountants to timely complete their review of the quarterly financial statements and audit of the annual financial statements, including, to the extent applicable to such Party, its auditor's audit of its internal control over financial reporting and management's assessment thereof in accordance with Section 404 of the Sarbanes-Oxley Act of 2002, the SEC's and Public Company Accounting Oversight Board's rules and auditing standards thereunder and any other applicable Laws.

(c) *Compensation for Providing Information.* The Party requesting Information agrees to reimburse the other Party for the reasonable costs, if any, of creating,

gathering, copying, transporting and otherwise complying with the request with respect to such Information (including any reasonable costs and expenses incurred in any review of Information for purposes of protecting the Privileged Information of the providing Party or in connection with the restoration of backup media for purposes of providing the requested Information). Except as may be otherwise specifically provided elsewhere in this Agreement or in any Ancillary Agreement, such costs shall be computed in accordance with the providing Party's standard methodology and procedures.

Section 6.02. Ownership of Information. The provision of any Information pursuant to Section 6.01 shall not affect the ownership of such Information (which shall be determined solely in accordance with the terms of this Agreement and the Ancillary Agreements), or constitute the grant of rights in or to any such Information.

Section 6.03. Stored Records.

(a) The Parties agree and acknowledge that it is not practicable to separate all Tangible Information belonging to the Parties, and that following the Effective Time, each Party will have some of the Tangible Information of the other Party stored at internal or Third Party records storage locations (each, a "Records Facility"). Tangible Information held in a Records Facility maintained or arranged for by the Party other than the Party that owns such Tangible Information is referred to as "Stored Records". The Party that maintains the Records Facility where Stored Records are held is referred to as the "Custodial Party" and the Party that owns the Stored Records held in the other Party's Records Facility is referred to as the "Non-Custodial Party".

(b) Each Party shall use commercially reasonable efforts: (i) to maintain the Stored Records as to which it is the Custodial Party in accordance with its regular records retention policies and procedures and the terms of this Section 6.03 and of Schedule 6.03; and (ii) to comply with the requirements of any "Litigation Hold" that relates to Stored Records as to which it is the Custodial Party that relate to (x) any Proceeding that is pending as of the Effective Time; or (y) any Proceeding that arises or becomes threatened or reasonably anticipated after the Effective Time as to which the Custodial Party has received a Notice of the applicable "Litigation Hold" from the Non-Custodial Party.

Section 6.04. Limitations of Liability. Neither Party shall have any Liability to the other Party in the event that any Information exchanged or provided pursuant to this Agreement is found to be inaccurate in the absence of gross negligence or willful misconduct by the Party providing such Information. Neither Party shall have any Liability to any other Party if any Information is destroyed after commercially reasonable efforts by such Party to comply with the provisions of this Article VI.

Section 6.05. Other Agreements Providing for Exchange of Information.

(a) The rights and obligations set forth under this Article VI are subject to any specific limitations, qualifications or additional provisions on the sharing, exchange, retention or confidential treatment of Information set forth in any Ancillary Agreement.

(b) Either Party that receives, pursuant to a request for Information in accordance with this Article VI, Tangible Information that is not relevant to its request shall (i) return it to the providing Party or, at the providing Party's request, destroy such Tangible Information; and (ii) deliver to the providing Party a certificate certifying that such Tangible Information was returned or destroyed, as the case may be, which certificate shall be signed by an authorized Representative of the requesting Party.

(c) When any Tangible Information provided by one Party to the other Party (other than Tangible Information provided pursuant to Section 6.03) is no longer needed for the purposes contemplated by this Agreement or any Ancillary Agreement or is no longer required to be retained by applicable Law, the receiving Party shall promptly, after request of the other Party, either return to the other Party all Tangible Information in the form in which it was originally provided (including all copies thereof and all notes, extracts or summaries based thereon) or, if the providing Party has requested that the other Party destroy such Tangible Information, certify to the other Party that it has destroyed such Tangible Information (and such copies thereof and such notes, extracts or summaries based thereon); provided that this obligation to return or destroy such Tangible Information shall not apply to any Tangible Information solely related to the receiving Party's business, Assets, Liabilities, operations or activities.

Section 6.06. Production of Witnesses; Records; Cooperation. The Parties acknowledge that, from time to time after the Effective Time, a Party may desire cooperation, including the provision of information and witnesses in connection with a Proceeding. The Parties agree that such matters shall be addressed as set forth in Schedule 6.06.

Section 6.07. Privileged Matters.

(a) The Parties recognize that legal and other professional services that have been and shall be provided prior to the Effective Time have been and shall be rendered for the collective benefit of the Parties and their respective Subsidiaries, and that each Party and its respective Subsidiaries should be deemed to be the client with respect to such services for the purposes of asserting all privileges and immunities that may be asserted under applicable Law in connection therewith.

(b) The Parties agree as follows:

(i) Abbott shall be entitled, in perpetuity, to control the assertion or waiver of all privileges and immunities in connection with any Privileged Information that relates solely to the Abbott Business, whether or not the Privileged Information is in the possession or under the control of Abbott or an Abbott Subsidiary or AbbVie or an AbbVie Subsidiary. Abbott shall also be entitled, in perpetuity, to control the assertion or waiver of all privileges and immunities in connection with any Privileged Information that relates solely to any Abbott Liabilities resulting from any Proceedings that are now pending or may be asserted in the future, whether or not the Privileged Information is in the possession or under the control of Abbott or an Abbott Subsidiary or AbbVie or an AbbVie Subsidiary.

(ii) AbbVie shall be entitled, in perpetuity, to control the assertion or waiver of all privileges and immunities in connection with any Privileged Information that

relates solely to the AbbVie Business, whether or not the Privileged Information is in the possession or under the control of AbbVie or an AbbVie Subsidiary or Abbott or an Abbott Subsidiary. AbbVie shall also be entitled, in perpetuity, to control the assertion or waiver of all privileges and immunities in connection with any Privileged Information that relates solely to any AbbVie Liabilities resulting from any Proceedings that are now pending or may be asserted in the future, whether or not the Privileged Information is in the possession or under the control of AbbVie or an AbbVie Subsidiary or Abbott or an Abbott Subsidiary.

(iii) If Abbott and AbbVie do not agree as to whether certain Information is Privileged Information, then the Information shall be treated as Privileged Information, and the Party who believes such Information is Privileged Information shall be entitled to control the assertion or waiver of all privileges and immunities in connection with any such Information unless the Parties otherwise agree. The Parties shall utilize the procedures set forth in Article VII to resolve any disputes as to whether any Information relates solely to the Abbott Business, solely to the AbbVie Business, or to both the Abbott Business and the AbbVie Business.

(c) Subject to Sections 6.07(d) and 6.07(e), the Parties agree that they shall have a shared privilege or immunity with respect to all privileges not allocated pursuant to Section 6.07(b) and all privileges and immunities relating to any Proceedings or other matters that involve both Parties (or one or more of their respective Subsidiaries) and in respect of which both Parties have Liabilities under this Agreement, and that no such shared privilege or immunity may be waived by either Party without the consent of the other Party.

(d) If any dispute arises between Abbott and AbbVie, or any of their respective Subsidiaries, regarding whether a privilege or immunity should be waived to protect or advance the interests of either Party and/or their respective Subsidiaries, each Party agrees that it shall (i) negotiate with the other Party in good faith; (ii) endeavor to minimize any prejudice to the rights of the other Party; and (iii) not unreasonably withhold consent to any request for waiver by the other Party. Further, each Party specifically agrees that it shall not withhold its consent to the waiver of a privilege or immunity for any purpose except to protect its own legitimate interests.

(e) Upon receipt by AbbVie or by any of the AbbVie Subsidiaries of any subpoena, discovery or other request that may reasonably be expected to result in the production or disclosure of Information subject to a shared privilege or immunity or as to which Abbott or any of the Abbott Subsidiaries has the sole right hereunder to assert a privilege or immunity, or if AbbVie obtains knowledge that any of its, or the AbbVie Subsidiary's, current or former directors, officers, agents or employees have received any subpoena, discovery or other requests that may reasonably be expected to result in the production or disclosure of such Privileged Information, AbbVie shall promptly provide Notice to Abbott of the existence of the request (which Notice shall be delivered to Abbott no later than five (5) business days following the receipt of any such subpoena, discovery or other request) and shall provide Abbott a reasonable opportunity to review the Information and to assert any rights it or they may have, including under this Section 6.07 or otherwise, to prevent the production or disclosure of such Privileged Information.

(f) Upon receipt by Abbott or by any of the Abbott Subsidiaries of any subpoena, discovery or other request that may reasonably be expected to result in the production or disclosure of Information subject to a shared privilege or immunity or as to which AbbVie or any of the AbbVie Subsidiaries has the sole right hereunder to assert a privilege or immunity, or if Abbott obtains knowledge that any of its, or the Abbott Subsidiary's, current or former directors, officers, agents or employees have received any subpoena, discovery or other requests that may reasonably be expected to result in the production or disclosure of such Privileged Information, Abbott shall promptly provide Notice to AbbVie of the existence of the request (which Notice shall be delivered to AbbVie no later than five (5) business days following the receipt of any such subpoena, discovery or other request) and shall provide AbbVie a reasonable opportunity to review the Information and to assert any rights it or they may have, including under this Section 6.07 or otherwise, to prevent the production or disclosure of such Privileged Information.

(g) Any furnishing of, or access to, Information pursuant to this Agreement is made in reliance on the agreement of Abbott and AbbVie set forth in this Section 6.07 and in Section 6.08 to maintain the confidentiality of Privileged Information and to assert and maintain all applicable privileges and immunities. The Parties further agree that (i) the exchange by one Party to the other Party of any Privileged Information that should not have been transferred pursuant to the terms of this Article VI shall not be deemed to constitute a waiver of any privilege or immunity that has been or may be asserted under this Agreement or otherwise with respect to such Privileged Information; and (ii) the Party receiving such Privileged Information shall promptly return such Privileged Information to the Party who has the right to assert the privilege or immunity.

(h) In furtherance of, and without limitation to, the Parties' agreement under this Section 6.07, Abbott and AbbVie shall, and shall cause their applicable Subsidiaries to, use reasonable efforts to maintain their respective separate and joint privileges and immunities, including by executing joint defense and/or common interest agreements where necessary or useful for this purpose.

Section 6.08. Confidentiality.

(a) *Confidentiality.* From and after the Effective Time, subject to Section 6.09 and except as contemplated by or otherwise provided in this Agreement or any 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 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 Ancillary Agreement, and shall not use any such confidential and proprietary information 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 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 or any Ancillary Agreement, then such disclosed confidential and proprietary 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 information addressed in Section 6.08(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 6.09. Information furnished by the other Party after the Effective Time pursuant to this Agreement or any Ancillary Agreement shall be subject to the provisions of Section 6.03.

(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 an applicable 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 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 6.09. 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 of the other Party (other than with respect to any such information furnished pursuant to the provisions of Sections 6.01 through 6.07), 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  
DISPUTE RESOLUTION

Section 7.01. 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 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 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 Alternative Dispute Resolution (“ADR”) provisions set forth in this Section 7.01 and in Schedule 7.01, the result of which shall be binding upon the Parties.

(i) *Notices.* Prior to initiating an ADR 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 7.01(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 individual 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 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 the 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 an ADR proceeding as provided in Schedule 7.01.

(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 Ancillary Agreement to the extent required by such Agreements during the course of dispute resolution pursuant to the provisions of this Article VII with respect to all matters related to such Dispute.



## ARTICLE VIII

### TERMINATION

Section 8.01. Termination. This Agreement and all Ancillary Agreements may be terminated and the Distribution may be amended, modified or abandoned at any time prior to the Effective Time by and in the sole discretion of Abbott without the approval of any Person, including AbbVie. In the event of such termination, this Agreement shall become null and void and no Party, nor any of its directors, officers or employees, shall have any Liability of any kind to any Person by reason of this Agreement. After the Effective Time, this Agreement may not be terminated except by an agreement in writing signed by a duly authorized officer of each of the Parties.

## ARTICLE IX

### MISCELLANEOUS

Section 9.01. Counterparts; Entire Agreement; Corporate Power; Facsimile Signatures.

(a) *Counterparts.* This Agreement and each 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 Ancillary Agreements 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. It is the intention of the Parties that the Conveyance and Assumption Instruments shall be consistent with the terms of this Agreement and the other Ancillary Agreements. 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 Subsidiary, AbbVie or any AbbVie Subsidiary from those contained in this Agreement and the other Ancillary Agreements.

(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 Ancillary Agreement to which it is a party and to consummate the transactions contemplated hereby and thereby; and

(ii) this Agreement and each 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 Ancillary Agreement by manual, stamp or mechanical signature, and that delivery of an executed counterpart of a signature page to this Agreement or any 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 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 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 9.02. *Governing Law.* This Agreement and, unless expressly provided therein, each 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 principles of the State of Delaware, as to all matters, including matters of validity, construction, effect, enforceability, performance and remedies.

Section 9.03. *Assignability.* Except as set forth in any Ancillary Agreement, this Agreement and each 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; provided, however, that neither Party nor any such party thereto may assign its rights or delegate its obligations under this Agreement or any Ancillary Agreement without the express prior written consent of the other Party hereto or the other parties thereto. Notwithstanding the foregoing, no such consent shall be required for the assignment of a Party's rights and obligations under this Agreement or the Ancillary Agreements (except as may be otherwise provided in any such Ancillary Agreement or in a Licensed Patent Schedule): (a) in whole in connection with a Change of Control of a Party; or (b) in part, on a Licensed Patent-by-Licensed Patent basis, in connection with the sale, transfer or other divestiture of a Sold Business by a Party (but only to the extent the partially assigned license rights are reasonably related to and necessary for such Sold Business), in either case, 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 9.04. *Third Party Beneficiaries.* Except (a) for the indemnification rights under this Agreement of an Abbott Indemnitee or AbbVie Indemnitee in their respective capacities as such under Article IV; (b) for the releases under Section 4.01 of any Person provided therein;

and (c) to the extent otherwise provided in Section 4.06(f), (i) the provisions of this Agreement and each Ancillary 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; and (ii) there are no other third-party beneficiaries of this Agreement or any Ancillary Agreement and neither this Agreement nor any 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 Ancillary Agreement.

Section 9.05. Notices. All Notices and, to the extent applicable and unless otherwise provided therein, under each of the 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):

If to Abbott:

Abbott Laboratories  
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 9.06. Severability. In the event that any one or more of the terms or provisions of this Agreement or any 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 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 Ancillary Agreement) which, insofar as

practicable, implement the purposes and intent of the Parties. Any term or provision of this Agreement or any 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 9.07. Force Majeure. Neither Party shall be deemed in default of this Agreement or, unless otherwise expressly provided therein, any 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 remove any such causes and resume performance under this Agreement or any Ancillary Agreement as soon as reasonably practicable.

Section 9.08. No Set Off. Except as set forth in any 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 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 Ancillary Agreement.

Section 9.09. Responsibility for Expenses.

(a) Expenses Incurred on or Prior to the Effective Time. Except as otherwise expressly set forth in this Agreement or any 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 Ancillary Agreement, the Separation, the Registration Statement, the plan of Separation and the Distribution 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 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; provided that: (i) any costs and expenses incurred in obtaining any Consent or novation from a Third Party in connection with the assignment to and assumption by a Party or its Subsidiary of any contracts, commitments or understandings in connection with the Separation shall be borne by the Party or its Subsidiary to which such contract, commitment or understanding is being assigned; and (ii) the Parties intend that ongoing cost obligations that each may have (x) as a provider of services under either the U.S. Transition Services Agreement or an International Transition Period Agreement following termination of such services, and (y)

in connection with overhead absorption and spending variances at certain pharmaceutical manufacturing facilities, shall be shared for a period of time, on terms to be agreed from time to time between the Parties.

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

Section 9.11. Survival of Covenants. Except as expressly set forth in this Agreement or any Ancillary Agreement, the covenants and other agreements contained in this Agreement and each Ancillary 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 9.12. 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 9.13. Waivers of Default. Waiver by either Party of any default by the other Party of any provision of this Agreement or any 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 9.14. Amendments. No provisions of this Agreement or any 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 of this Agreement or any 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 9.15. 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 or any Ancillary Agreement shall be deemed to refer to this Agreement or such 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 9.16. 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 or the 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.

Section 9.17. Specific Performance. Subject to the provisions of Article VII, 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 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 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.

Section 9.18. Mutual Drafting. This Agreement and the 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.

\* \* \* \* \*

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

ABBOTT LABORATORIES

ABBVIE INC.

By: /s/ Miles D. White  
Name: Miles D. White  
Title: Chairman of the Board and Chief Executive Officer

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

*[Signature Page to Separation and Distribution Agreement]*

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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.
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



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;

- (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

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

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 DCGL.

#### **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

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.

IN WITNESS WHEREOF, the undersigned has executed this Amended and Restated Certificate of Incorporation this the day of \_\_\_\_\_, 2012.

**ABBVIE INC.**

By: \_\_\_\_\_

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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.

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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



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

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.

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

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 the 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;

(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

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

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

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



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

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.

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 Chairman's authority as the Chairman deems necessary or appropriate. Vacancies or new offices may be filled at any time as set forth in Section 5.4 of this Article V. Each Officer shall hold office until his or her successor shall have been duly elected or appointed and shall have qualified or until his or her death or until he or she shall resign or shall have been removed in the manner hereinafter provided.

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 such person continues to serve in such capacity at the time any indemnification or advancement of expenses pursuant hereto is sought or at the time

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

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,

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.

**ABBVIE 2013 INCENTIVE STOCK PROGRAM**

(Effective as of January 1, 2013)

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**ABBVIE  
2013 INCENTIVE STOCK PROGRAM**

**1. PURPOSE.**

The purpose of the AbbVie 2013 Incentive Stock Program is to (i) attract and retain outstanding directors, officers, and other employees of AbbVie Inc. (the “Company”) and its Subsidiaries, and to furnish incentives to such persons by providing opportunities to acquire shares of the Company’s common stock, or monetary payments based on the value of such Shares or the financial performance of the Company, or both, on advantageous terms as herein provided and to further align such persons’ interests with those of the Company’s other stockholders through compensation that is based on the value of Shares, and (ii) assume certain awards granted under the Abbott Stock Programs and adjusted as described in the Employee Matters Agreement.

**2. ADMINISTRATION.**

The Program will be administered by the Committee. For purposes of the Program, the “Committee” shall be a committee of at least two persons which shall be either the Compensation Committee of the Board or such other committee comprised entirely of persons who are both (i) “disinterested persons” as defined in Rule 16b-3 of the Securities and Exchange Commission, and (ii) “outside directors” as defined under Code Section 162(m). The Compensation Committee of the Board shall serve as the Committee administering the Program until such time as the Board designates a different Committee.

The Committee has the following powers, which it may exercise in its sole discretion, subject to and not inconsistent with the express provisions of the Program: (i) to administer the Program; (ii) to exercise all the power and authority either specifically granted to it under the Program or necessary or advisable in the administration of the Program; (iii) to grant Benefits; (iv) to determine the persons to whom and the time or times at which Benefits shall be granted; (v) to determine the type and number of Benefits to be granted, the number of Shares to which a Benefit may relate and the terms, conditions, restrictions and Performance Goals relating to any Benefit; (vi) to determine whether, to what extent, and under what circumstances a Benefit may be settled, canceled, forfeited, accelerated, exchanged, deferred (in accordance with the requirements of Code Section 409A) or surrendered; provided that, except as described in Section 6, the Committee shall neither lower the exercise price or base price of an outstanding option or Stock Appreciation Right nor grant any Benefit or provide cash in replacement of a canceled option or Stock Appreciation Right which had been granted at a higher exercise price or base price without the prior approval of the Company’s stockholders; (vii) to make adjustments in the terms and conditions (including Performance Goals) applicable to Benefits; (viii) to construe and interpret the Program and any Benefit; (ix) to prescribe, amend and rescind rules and regulations relating to the Program, including any sub-Program contemplated by Section 10; (x) to determine the terms and provisions of any Benefit Agreement (which need not be identical for each Grantee); and (xi) to make all other determinations deemed necessary or advisable for the administration of the Program. The Committee may correct any defect or supply any omission or reconcile any inconsistency in the Program or in any Benefit Agreement in the manner and to the extent it shall deem necessary or advisable to carry the Program into effect and shall be the sole and final judge of such necessity or advisability.

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A majority of the members of the Committee shall constitute a quorum and all determinations of the Committee shall be made by a majority of its members. Any determination of the Committee under the Program may be made without notice of a meeting of the Committee by a writing signed by all of the Committee members. The decision of the Committee as to all questions of interpretation, application and administration of the Program shall be final, binding and conclusive on all persons.

The Committee may, from time to time, delegate any or all of its duties, powers and authority to any officer or officers of the Company, except to the extent such delegation would be inconsistent with Rule 16b-3 of the Securities and Exchange Commission or other applicable law, rule or regulation. The Chief Executive Officer of the Company may grant Benefits under the Program other than to persons subject to Section 16(b) of the Exchange Act with respect to transactions involving equity securities of the Company at the time that delegated authority is exercised. All such grants by the Chief Executive Officer shall be reported annually to the Committee; however, the Committee is not required to take any action with respect to such grants. No Committee member or delegate thereof shall be liable for any action taken or determination made, or which the Committee member or delegate fails to take or make, in good faith with respect to the Program or any Benefit.

### **3. PARTICIPANTS.**

Participants in the Program shall consist of the employees of the Company or any of its Subsidiaries who the Committee in its sole discretion may designate from time to time to receive Benefits, optionees who are eligible to receive Replacement Options with respect to options granted under an Abbott Stock Program that include a replacement option feature, and, solely for purposes of receiving Benefits under Section 11 and Section 12, Non-Employee Directors of the Company. The Committee's designation of a person to receive a Benefit in any year shall not require the Committee to designate such person to receive a Benefit in any other year. The Committee shall consider such factors as it deems pertinent in selecting participants and in determining the type and amount of their respective Benefits, including without limitation (i) the financial condition of the Company; (ii) anticipated profits for the current or future years; (iii) contributions of participants to the profitability and development of the Company; (iv) prior awards to participants; and (v) other compensation provided to participants. Notwithstanding the foregoing, Adjusted Awards may be granted under the Program in accordance with the terms of the Employee Matters Agreement.

### **4. SHARES RESERVED UNDER THE PROGRAM AND ADJUSTMENTS.**

Subject to adjustment as provided in this Section 4, the maximum number of Shares available for issuance under the Program is 100,000,000 Shares (the "Share Limit"). Such Shares may, in whole or in part, be authorized but unissued Shares or Shares that have been or may be reacquired by the Company in the open market, in private transactions or otherwise.

With respect to Benefits other than Adjusted Awards: (i) if there is a lapse, expiration, termination, forfeiture or cancellation of any Benefit without the issuance of Shares or payment of cash thereunder, the Shares reserved for such Benefit may again be used for the grant of new Benefits of any type authorized under the Program; provided, however, that in no event may the number of Shares issued under the Program exceed the total number of Shares reserved for

issuance hereunder; and (ii) Shares that are issued under any Benefit and thereafter reacquired by the Company pursuant to rights reserved upon the issuance thereof, or pursuant to the payment of the exercise price of Shares under options by delivery of other Shares, or Shares under options or stock-settled Stock Appreciation Rights that were not issued upon the net exercise or net settlement of such options or Stock Appreciation Rights, or Shares repurchased by the Company with the proceeds collected in connection with the exercise of outstanding options, or Shares that are exchanged by a Grantee or withheld by the Company to satisfy tax withholding requirements in connection with any Program Benefit shall not be available for subsequent awards of Program Benefits. Upon the exercise of any Benefit granted in tandem with any other Benefits, such related Benefits shall be canceled to the extent of the number of Shares as to which the Benefit is exercised and, notwithstanding the foregoing, such number of Shares shall no longer be available for Program Benefits. Benefits that may be settled only in cash shall not reduce the number of Shares available for subsequent awards of Benefits.

The maximum number of Shares with respect to which Non-Qualified Stock Options under Section 6 and Stock Appreciation Rights under Section 9(a) may be granted to any one participant in the aggregate in any one calendar year shall be 2,000,000 Shares. Determinations made in respect of the limitation set forth in this paragraph shall be made in a manner consistent with Code Section 162(m).

Notwithstanding anything in the Program to the contrary, (i) any Shares issued, or awards granted, under the Program pursuant to Adjusted Awards shall not count against the Share Limit or the Individual Limits, and (ii) the lapse, expiration, termination, forfeiture or cancellation of any Adjusted Award without the issuance of Shares or payment of cash thereunder shall not result in an increase in the number of Shares available for issuance under the Program.

Except as provided in a Benefit Agreement or as otherwise provided in the Program, if the Committee determines that any special dividend or other distribution (whether in the form of cash, Shares, or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, spin-off, combination, repurchase, or share exchange, or other similar corporate transaction or event, affects the Shares such that an equitable change or adjustment relating to the Program or Program Benefits is appropriate, then the Committee shall make any such equitable changes or adjustments as it deems necessary or appropriate, including by way of illustration, changes or adjustments to any or all of (i) the number and kind of Shares or other property (including cash) that may thereafter be issued in connection with Benefits, including the Share Limit, (ii) the number and kind of Shares or other property issued or issuable in respect of outstanding Benefits, (iii) the exercise price, grant price or purchase price relating to any Benefit, (iv) the Performance Goals and (v) the individual and other limitations applicable to Benefits, including the Individual Limits; provided that no such adjustment shall cause any Benefit hereunder which is or becomes subject to Code Section 409A to fail to comply with the requirements of such section; and provided further that, unless otherwise determined by the Committee, any additional Shares or other securities or property issued with respect to Shares covered by awards granted under the Program as a result of any stock split, combination, stock dividend, recapitalization or other adjustment event described in this Section 4 shall be subject to the restrictions and other provisions of the original Benefit awarded under the Program.



## **5. TYPES OF BENEFITS.**

The following Benefits, alone or in combination, may be granted under the Program: (i) Nonqualified Stock Options, (ii) Restricted Stock Awards, (iii) Restricted Stock Units, (iv) Performance Awards, (v) Other Share-Based Awards (including Stock Appreciation Rights, dividend equivalents and recognition awards), (vi) awards to Non-Employee Directors, and (vii) Foreign Benefits, all as described below.

## **6. NON-QUALIFIED STOCK OPTIONS.**

### **(a) In General.**

The Committee may grant Nonqualified Stock Options to Grantees which may be subject to such restrictions, terms and conditions as the Committee shall determine in its sole discretion and as shall be evidenced by the applicable Benefit Agreement.

The Committee shall determine the exercise price for each Share purchasable under an option, but in no event shall the exercise price per Share be less than the Fair Market Value of a Share on the option's date of grant. The exercise price shall be paid in full at the time of exercise, and payment may be made as determined by the Committee, including: (i) in cash, which may be paid by check, or other instrument acceptable to the Company; (ii) unless otherwise provided in the Benefit Agreement, in Shares having a then market value equal to the aggregate exercise price (including by withholding Shares that otherwise would be distributed to the Grantee upon exercise of the option); (iii) delivery of a properly executed exercise notice, together with irrevocable instructions to a broker to deliver promptly to the Company the amount of sales proceeds from the option Shares or loan proceeds to pay the exercise price; or (iv) by any other method permitted by the Committee. Any amount necessary to satisfy applicable federal, state or local tax withholding requirements (or corresponding requirements under applicable laws in non-U.S. jurisdictions) shall be paid promptly upon notification of the amount due. The amount of tax withholding may be paid in Shares having a then market value equal to the amount required to be withheld (including by withholding Shares that otherwise would be distributed to the Grantee upon exercise of the option), or a combination of cash and Shares.

An option shall be exercisable over its term (which shall not exceed ten years from the date of grant), at such times and upon such conditions as the Committee may determine, as reflected in the Benefit Agreement. An option may be exercised to the extent of any or all full Shares as to which the option has become exercisable, by giving written, electronic or telephonic notice of such exercise to the Committee or its designated agent, in such form as the Committee may prescribe. Notwithstanding the foregoing, no option granted pursuant to this Section 6 shall be exercisable earlier than six months from its date of grant.

Except as otherwise provided in the applicable Benefit Agreement, (i) in the event of termination of employment for any reason other than retirement, disability or death, the right of the optionee to exercise an option shall terminate upon the earlier of the end of the original term of the option or three months after the optionee's last day of work for the Company or its Subsidiaries; (ii) in the event of termination of employment due to retirement or disability, or if the optionee should die while employed, the right of the optionee or his or her successor in interest to exercise an option shall terminate upon the end of the original term of the option; and

(iii) if the optionee should die within three months after termination of employment for any reason other than retirement or disability, the right of his or her successor in interest to exercise an option shall terminate upon the earlier of the end of the original term of the option or three months after the date of such death.

**(b) Replacement Options.**

Certain Adjusted Awards comprised of stock options originally granted under an Abbott Stock Program provide for the grant of replacement options if all or any portion of the exercise price or taxes incurred in connection with the exercise of the original option are paid by delivery of other Shares (or, in the case of payment of taxes, by withholding of Shares). The Committee may grant replacement options ("Replacement Options") under the Program only to the extent required with respect to such options granted under an Abbott Stock Program and with respect to Replacement Options granted with a replacement option feature. Any Replacement Options granted under the Program shall be Nonqualified Stock Options. In addition, any such Replacement Options shall (i) cover the number of Shares surrendered to pay the exercise price plus the number of Shares surrendered or withheld to satisfy the optionee's tax liability, (ii) have an exercise price equal to 100% of the Fair Market Value of such Shares on the date such Replacement Option is granted, (iii) first be exercisable six months from the date such Replacement Option is granted, (iv) have an expiration date identical to the expiration date of the original option, and (v) contain a similar replacement option feature.

**7. RESTRICTED STOCK AWARDS AND RESTRICTED STOCK UNITS.**

**(a) Restricted Stock Awards.**

The Committee may grant Restricted Stock Awards, subject to such restrictions, terms and conditions as the Committee shall determine in its sole discretion and as shall be evidenced by the applicable Benefit Agreement (provided that any such Benefit is subject to the vesting requirements described herein). The vesting of a Restricted Stock Award may be conditioned upon the completion of a specified period of employment or service with the Company or any Subsidiary, upon the attainment of specified Performance Goals, and/or upon such other criteria as the Committee may determine in its sole discretion.

Except as provided in the applicable Benefit Agreement, no Shares underlying a Restricted Stock Award may be sold, assigned, transferred, or otherwise encumbered or disposed of by the Grantee until such Shares have vested in accordance with the terms of such Benefit. Subject to such other restrictions as are imposed by the Committee, the Shares covered by an award of Restricted Stock to a participant who is subject to Section 16 of the Exchange Act may be sold or otherwise disposed of only after six months from the grant date (unless such sale would not affect the exemption under Rule 16b-3 of the Securities and Exchange Commission).

If and to the extent that the applicable Benefit Agreement may so provide, a Grantee shall have the right to vote and receive dividends on Restricted Stock granted under the Program. Unless otherwise provided in the applicable Benefit Agreement, any Shares received as a dividend on or in connection with a stock split of the Shares underlying a Restricted Stock Award awarded under this Section shall be subject to the same restrictions as the Shares underlying such Restricted Stock Award.

Upon the termination of a Grantee's employment or service with the Company and its Subsidiaries, the Restricted Stock granted to such Grantee shall be subject to the terms and conditions specified in the applicable Benefit Agreement.

**(b) Restricted Stock Units.**

The Committee may grant Restricted Stock Units, subject to such restrictions, terms and conditions, as the Committee shall determine in its sole discretion and as shall be evidenced by the applicable Benefit Agreement (provided that any such Restricted Stock Unit is subject to the vesting requirements described herein). The vesting of a Restricted Stock Unit granted under the Program may be conditioned upon the completion of a specified period of employment or service with the Company or any Subsidiary, upon the attainment of specified Performance Goals, and/or upon such other criteria as the Committee may determine in its sole discretion.

Unless otherwise provided in a Benefit Agreement, upon the vesting of a Restricted Stock Unit there shall be delivered to the Grantee, as soon as practicable following the date on which such Benefit (or any portion thereof) vests (but in no event later than two and one-half months following the end of the calendar year in which such Restricted Stock Unit vests), subject to Section 13, that number of Shares equal to the number of Restricted Stock Units that have vested (or the cash equivalent thereof in the case of a cash-settled award).

Except as provided in the applicable Benefit Agreement, a Restricted Stock Unit may not be sold, assigned, transferred or otherwise encumbered or disposed of by the Grantee. Subject to the requirements of Code Section 409A, Restricted Stock Units may provide the Grantee with the right to receive dividend equivalent payments with respect to Shares subject to the Benefit (both before and after the Benefit is earned or vested), which payments may be either made currently or credited to an account for the participant, and may be settled in cash or Shares, as determined by the Committee. Any such settlements and any such crediting of dividend equivalents may be subject to such conditions, restrictions and contingencies as the Committee shall establish, including the reinvestment of such credited amounts in Share equivalents.

Upon the termination of a Grantee's employment or service with the Company and its Subsidiaries, the Restricted Stock Units granted to such Grantee shall be subject to the terms and conditions specified in the applicable Benefit Agreement.

**8. PERFORMANCE AWARDS.**

The Committee may grant Benefits including Restricted Stock, Restricted Stock Units and Other Share-Based Awards, which may be earned in whole or in part based on the attainment of performance goals established by the Committee, which shall be based on one or more of the following criteria: 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, and any combination of, or a specified increase in, any of the foregoing (the "Performance Goals"). Where applicable, the Performance Goals may be expressed in terms of attaining a specified level of the particular criteria or the attainment of a percentage increase or decrease in the particular criteria, and may be applied to one or more of the Company, a Subsidiary, or a division or strategic business unit of the Company, or may be applied to the performance of the Company

relative to a market index, a group of other companies or a combination thereof, all as determined by the Committee. 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). In addition, partial achievement of Performance Goals may result in payment or vesting corresponding to the degree of achievement of the Performance Goal. Where necessary to satisfy the requirements of Code Section 162(m), each of the foregoing Performance Goals shall be determined in accordance with generally accepted accounting principles or such other objective standards satisfying the requirements of Code Section 162(m), and shall be subject to written certification by the Committee; provided that, to the extent a Benefit is intended to satisfy the performance-based compensation exception to the limits of Code Section 162(m) and then to the extent consistent with such exception, the Committee may make equitable adjustments to the Performance Goals in recognition of unusual or non-recurring events affecting the Company or any Subsidiary or the financial statements of the Company or any Subsidiary, in response to changes in applicable laws or regulations, or to account for items of gain, loss or expense determined to be extraordinary or unusual in nature or infrequent in occurrence or related to the disposal of a segment of a business or related to a change in accounting principles. No payment shall be made to a Covered Employee prior to the written certification by the Committee that the Performance Goals have been attained. The Committee may establish such other rules applicable to Benefits intended to be qualified performance-based compensation to the extent consistent with Code Section 162(m).

The maximum amount which may be granted under this Section 8 for any one year for any one participant shall be \$15 million, determined by multiplying the number of Shares or units granted under the Benefit by the Fair Market Value of a Share on the date of grant. For any performance period in excess of one year, such maximum value shall be determined by multiplying \$15 million by a fraction, the numerator of which is the number of months in the performance period and the denominator of which is twelve.

Payments earned in respect of any Benefit may be decreased or, with respect to any Grantee who is not a Covered Employee, increased in the sole discretion of the Committee based on such factors as it deems appropriate. Notwithstanding the foregoing, any Benefits may be adjusted in accordance with Section 4.

## **9. OTHER SHARE-BASED AWARDS AND RECOGNITION AWARDS.**

### **(a) Other Share-Based Awards.**

The Committee may grant Other Share-Based Awards, including Stock Appreciation Rights, under terms and conditions specified by the Committee in the applicable Benefit Agreement, which may include the attainment of Performance Goals; provided, however, that with respect to a Stock Appreciation Right, in no event shall (i) the base price per Share be less than the Fair Market Value of a Share on the Stock Appreciation Right's date of grant, or (ii) the term of such Stock Appreciation Right exceed ten years from the date of grant. Such terms and conditions shall be consistent with the terms of the Program. Shares or other securities or property delivered pursuant to a Benefit in the nature of a purchase right granted under this Section 9 shall be purchased for such consideration, paid for at such times, by such methods, and

in such forms, including, without limitation, Shares, other Benefits, notes or other property, as the Committee shall determine, subject to any required corporate action.

**(b) Recognition Awards.**

In addition to Restricted Stock Awards governed by Section 7(a), the Committee may grant fully vested Shares to employees of the Company, its Subsidiaries, in recognition of the employee's contribution to the Company; provided that the aggregate value of such recognition awards granted in any fiscal year to any single individual shall not exceed 1,000 Shares.

**10. FOREIGN BENEFITS.**

The Committee may grant Benefits to employees of the Company and its Subsidiaries who reside in foreign jurisdictions. Notwithstanding anything in the Program to the contrary, the Committee may, in its sole discretion: (i) amend or vary the terms of the Program to conform such terms with the requirements of each jurisdiction where a Subsidiary is located; (ii) amend or vary the terms of the Program in 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 (iii) amend or vary the terms of the Program in each jurisdiction where a Subsidiary is located as it considers necessary or desirable to meet the goals and objectives of the Program. The Committee may, where it deems appropriate in its sole discretion, establish one or more sub-Programs for these purposes. The terms and conditions contained herein which are subject to variation in a jurisdiction shall be reflected in a written attachment to the Program for each Subsidiary in such jurisdiction. The Committee may, in its sole discretion, also establish administrative rules and procedures to facilitate the operation of the Program in each jurisdiction where a Subsidiary is located. To the extent permitted under applicable law, the Committee may delegate its authority and responsibilities under this Section 10 to one or more officers of the Company. In this regard and to the extent permitted under applicable law, the Committee hereby delegates its authority and responsibilities under this Section 10 to the Senior Vice President, Human Resources.

**11. NONQUALIFIED STOCK OPTIONS TO NON-EMPLOYEE DIRECTORS.**

Each Non-Employee Director may elect to receive any or all of his or her fees earned under Section 3 of the AbbVie Non-Employee Directors' Fee Plan (the "Directors' Fee Plan") in the form of Nonqualified Stock Options under this Section. Each such election shall be irrevocable, and must be made in writing and filed with the Secretary of the Company by December 31 of the calendar year preceding the period in which such fees are earned. A Non-Employee Director may file a new election each calendar year applicable to fees earned in the immediately succeeding calendar year, provided that a new election to receive benefits in the form of options shall not be effective until the period covered by the Non-Employee Director's current election has ended. If no new election is received by December 31 of any calendar year, the election, if any, then in effect shall continue in effect until a new election is made and has become effective. If a director does not elect to receive his or her fees in the form of Nonqualified Stock Options, the fees due such director shall be paid or deferred as provided in the Directors' Fee Plan and any applicable election thereunder by the director.

Each Nonqualified Stock Option due to a director under the Program pursuant to an election shall be granted annually, on the date of the annual stockholders meeting. Except as

otherwise provided, each such Nonqualified Stock Option shall be (i) subject to the terms and conditions of Section 6, (ii) immediately exercisable and non-forfeitable, and (iii) exercisable until the expiration of ten years from the date of grant. Non-Employee Directors who hold replacement options granted under an Abbott Stock Program shall also receive Replacement Options consistent with the provisions of Section 6(b).

## **12. RESTRICTED STOCK UNITS TO NON-EMPLOYEE DIRECTORS.**

Each year, on the date of the annual stockholders meeting, each person who is elected a Non-Employee Director at the annual stockholders meeting shall be awarded Restricted Stock Units covering a number of Shares with a Fair Market Value on the date of the award closest to, but not in excess of, the sum of (i) an amount equal to six times the monthly fee in effect under Section 3.1 of the Directors' Fee Plan on the date of the award, and (ii) \$50,000.

The Restricted Stock Units granted to Non-Employee Directors shall be fully vested on the date of the award and shall be awarded and/or issued or paid in a manner that will comply with Code Section 409A. Subject to the requirements of Code Section 409A, the Non-Employee Director receiving the Restricted Stock Units shall be entitled to receive one Share for each Restricted Stock Unit upon the earliest of (i) the director's "separation from service" (within the meaning of Code Section 409A), (ii) the date the director dies, or (iii) the date of occurrence of a Change in Control that also qualifies as a "change in control event" (within the meaning of Treasury Regulation Section 1.409A-3(i)(5)).

Subject to the requirements of Code Section 409A, the Non-Employee Director receiving the Restricted Stock Units shall be entitled to receive cash payments equal to the dividends and distributions paid on the Shares (other than dividends or distributions of securities of the Company which may be issued with respect to its Shares by virtue of any stock split, combination, stock dividend or recapitalization) to the same extent as if each Restricted Stock Unit was a Share, and those Shares were not subject to the restrictions imposed by the Program, provided that the record date with respect to such dividend or distribution occurs within the period commencing with the date of grant of the Benefit and ending upon the earliest of (i) the date of the director's death, (ii) the date of the director's "separation from service" (within the meaning of Code Section 409A), (iii) the date of the occurrence of a Change in Control that also qualifies as a "change in control event" (within the meaning of Treasury Regulation Section 1.409A-3(i)(5)), or (iv) such other date specified in the Benefit Agreement.

While outstanding, the Restricted Stock Units may not be sold, assigned, transferred, pledged, hypothecated, exchanged or otherwise disposed of except by will or the laws of descent and distribution.

Except in the event of conflict, all provisions of the Program shall apply to this Section 12. In the event of any conflict between the other provisions of the Program and this Section 12, this Section 12 shall control.

## **13. CHANGE IN CONTROL PROVISIONS.**

(a) Notwithstanding any other provision of this Program, the following provisions shall apply upon the occurrence of a Change in Control, unless otherwise provided in a Benefit Agreement:

(i) All options then outstanding under this Program shall become fully vested and exercisable as of the date of the Change in Control, whether or not then otherwise vested or exercisable;

(ii) All Stock Appreciation Rights and Other Share-Based Awards then outstanding shall become fully vested and exercisable as of the date of the Change in Control, whether or not then otherwise vested or exercisable;

(iii) All terms and conditions of all Restricted Stock Awards then outstanding shall be deemed satisfied and all restrictions on those Restricted Stock Awards will lapse as of the date of the Change in Control;

(iv) All terms and conditions of all Restricted Stock Units then outstanding shall be deemed satisfied and all restrictions on those Restricted Stock Units will lapse as of the date of the Change in Control; and

(v) All performance criteria shall be deemed to have been attained and all Performance Awards then outstanding shall be deemed to have been fully earned and to be immediately payable as of the date of the Change in Control.

Notwithstanding the foregoing, with respect to each Benefit that is subject to Code Section 409A, if a Change in Control would have occurred under the Program but such Change in Control does not also qualify as a "change in control event" (within the meaning of Treasury Regulation Section 1.409A-3(i)(5)), then each such Benefit shall become vested and non-forfeitable; provided, however, that the Grantee shall not be able to exercise the Benefit, and the Benefit shall not become payable, except in accordance with the terms of such Benefit or until such earlier time as the exercise and/or payment complies with Code Section 409A.

(b) A "Change in Control" shall be deemed to have occurred on the earliest of the following dates:

(i) The date any Person is or becomes the Beneficial Owner (as defined below), directly or indirectly, of securities of the Company (not including in the securities beneficially owned by such Person any securities acquired directly from the Company or its Affiliates) representing 20% or more of the combined voting power of the Company's then outstanding securities, excluding any Person who becomes such a Beneficial Owner in connection with a transaction described in clause (A) of paragraph (iii) below; or

(ii) The date the following individuals cease for any reason to constitute a majority of the number of directors then serving: individuals who, on the Effective Date, constitute the Board and any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of the Company) whose appointment or election by the Board or nomination for election by the Company's stockholders was approved or recommended by a vote of at least two-thirds of the directors then still in office who either were directors on the date hereof or whose appointment, election or nomination for election was previously so approved or recommended; or

(iii) The date on which there is consummated a merger or consolidation of the Company or any direct or indirect Subsidiary of the Company with any other corporation or other entity, other than (A) a merger or consolidation (1) immediately following which the individuals who comprise the Board immediately prior thereto constitute at least a majority of the board of directors of the Company, the entity surviving such merger or consolidation or, if the Company or the entity surviving such merger is then a Subsidiary, the ultimate parent thereof, and (2) which results in the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof), in combination with the ownership of any trustee or other fiduciary holding securities under an employee benefit plan of the Company or any Subsidiary of the Company, at least 50% of the combined voting power of the securities of the Company or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation; or (B) a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company (not including in the securities Beneficially Owned by such Person any securities acquired directly from the Company or its Affiliates) representing 20% or more of the combined voting power of the Company's then outstanding securities; or

(iv) The date the stockholders of the Company approve a plan of complete liquidation or dissolution of the Company or there is consummated an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets, other than a sale or disposition by the Company of all or substantially all of the Company's assets to an entity, at least 50% of the combined voting power of the voting securities of which are owned by stockholders of the Company, in combination with the ownership of any trustee or other fiduciary holding securities under an employee benefit plan of the Company or any Subsidiary, in substantially the same proportions as their ownership of the Company immediately prior to such sale.

Notwithstanding the foregoing, a Change in Control shall not be deemed to have occurred by virtue of the consummation of any transaction or series of integrated transactions immediately following which the record holders of Shares immediately prior to such transaction or series of transactions continue to have substantially the same proportionate ownership in an entity which owns all or substantially all of the assets of the Company immediately following such transaction or series of transactions.

For purposes of the Program: "Affiliate" shall have the meaning set forth in Rule 12b-2 under Section 12 of the Exchange Act; "Beneficial Owner" shall have the meaning set forth in Rule 13d-3 under the Exchange Act; "Person" shall have the meaning given in Section 3(a)(9) of the Exchange Act, as modified and as used in Section 13(d) and 14(d) thereof and the rules thereunder, except that such term shall not include (w) the Company or any of its Subsidiaries, (x) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any Subsidiary, (y) an underwriter temporarily holding securities pursuant to an offering of such securities, or (z) a corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of Shares; and "Subsidiary" shall mean any corporation, partnership, joint venture or business trust, 50% or more of the control of which is owned, directly or indirectly, by the Company.



(c) In the event that, in connection with a Change in Control, outstanding options under the Program are either assumed or converted into substituted options consistent with Section 4, each such assumed or substituted option shall continue to be subject to the same terms and conditions (including, without limitation, with respect to any right to receive replacement options upon option exercise) to which it was subject immediately prior to the transaction resulting in the assumption or substitution.

(d) Unless otherwise provided in a Benefit Agreement, upon a Change in Control in which the outstanding Shares are changed into, or exchanged for, property (including cash) other than solely stock or securities of the Company or another corporation (disregarding, for this purpose, cash paid in lieu of fractional shares), each Grantee may, to the extent such right would not cause the applicable stock option or Stock Appreciation Right to be considered deferred compensation for purposes of Code Section 409A, elect to receive, immediately following such Change in Control, in exchange for cancellation of any stock option or Stock Appreciation Right held by such Grantee immediately prior to the Change in Control, a cash payment with respect to each Share subject to such option or right, equal to the difference between the value of consideration (as determined by the Committee) received by the stockholders for a Share in the Change in Control, less any applicable purchase price.

(e) Notwithstanding any other provision of the Program, if a Change in Control occurs, the Adjusted Awards shall be handled as described in the Employee Matters Agreement.

#### **14. GENERAL PROVISIONS.**

##### **(a) Adjusted Awards.**

Notwithstanding anything in the Program to the contrary, the terms of the Program will apply to Adjusted Awards only to the extent that they are not inconsistent with the Employee Matters Agreement and the terms of the applicable Adjusted Awards assumed in accordance with the Employee Matters Agreement. To the extent that the terms of the Program are inconsistent with the terms of an Adjusted Award Benefit Agreement, the terms of the applicable Adjusted Award shall be governed by the Employee Matters Agreement, the applicable Abbott Stock Program, and the applicable Benefit Agreement.

##### **(b) Nontransferability, Deferrals and Settlements.**

Unless otherwise determined by the Committee or provided in a Benefit Agreement, Benefits shall not be transferable by a Grantee except by will or the laws of descent and distribution and shall be exercisable during the lifetime of a Grantee only by such Grantee or his guardian or legal representative. Notwithstanding the foregoing, any transfer of Benefits to independent third parties for cash consideration without stockholder approval is prohibited. Any Benefit shall be null and void and without effect upon any attempted assignment or transfer, except as herein provided, including without limitation any purported assignment, whether voluntary or by operation of law, pledge, hypothecation or other disposition, attachment, divorce, trustee process or similar process, whether legal or equitable, upon such Benefit. With respect to Benefits other than options, the Committee may require or permit Grantees to elect to defer the issuance of Shares (with settlement in cash or Shares as may be determined by the Committee or elected by the Grantee in accordance with procedures established by the Committee), or the

settlement of Benefits in cash under such rules and procedures as established under the Program to the extent that such deferral complies with Code Section 409A and any regulations or guidance promulgated thereunder. It may also provide that such deferred settlements include the payment or crediting of interest, dividends or dividend equivalents on the deferral amounts.

**(c) No Right to Continued Employment, etc.**

Nothing in the Program or in any Benefit granted or any Benefit Agreement or other agreement entered into pursuant hereto shall confer upon any Grantee the right to continue in the employ or service of the Company, any Subsidiary or to be entitled to any remuneration or benefits not set forth in the Program or such Benefit Agreement or other agreement or to interfere with or limit in any way the right of the Company or any such Subsidiary to terminate such Grantee's employment or service.

**(d) Sale of Subsidiary.**

For all purposes hereunder, except as otherwise provided by the Committee, a Grantee's employment or service with a Subsidiary shall be deemed to be terminated on the day such entity ceases to be a Subsidiary of the Company.

**(e) Taxes.**

The Company shall be entitled to withhold, or require a participant to remit to the Company, the amount of any tax attributable to any amount payable or Shares deliverable under the Program. The Company may defer making payment or delivery if any such tax may be pending unless and until indemnified to its satisfaction, and the Company shall have no liability to any participant for exercising the foregoing right. The Committee may, in its sole discretion and subject to such rules as it may adopt, permit or require a Grantee to pay all or a portion of the federal, state and local taxes, including social security and Medicare withholding tax (or corresponding taxes under applicable laws in non-U.S. jurisdictions), arising in connection with the receipt or exercise of any Benefit, by (i) having the Company withhold Shares, (ii) tendering Shares received in connection with such Benefit back to the Company, or (iii) delivering other previously acquired Shares having a Fair Market Value approximately equal to the amount to be withheld.

**(f) Amendment and Termination.**

The Program may be amended or terminated at any time by action of the Board. However, no amendment may, without stockholder approval: (i) increase the aggregate number of Shares available for Benefits (except to reflect an event described in Section 4); (ii) extend the term of the Program; or (iii) change or add a category or categories of individuals who are eligible to participate in the Program. No amendment or termination of the Program may materially and adversely modify any person's rights under the express terms and conditions of an outstanding Benefit without such person's written consent.

**(g) Duration of Program.**

Unless earlier terminated by the Board pursuant to the provisions of the Program, the Program shall expire on the tenth anniversary of its Effective Date. No Benefits shall be granted under the Program after such date.

**(h) No Rights to Benefits; No Stockholder Rights.**

No individual shall have any claim to be granted any Benefit under the Program, and there is no obligation for uniformity of treatment of Grantees. No individual shall have any right to a Benefit or to payment or settlement under any Benefit unless and until the Committee or its designee shall have determined that a Benefit or payment or settlement is to be made. Except as provided specifically herein, a Grantee or a transferee of a Benefit shall have no rights as a stockholder with respect to any Shares covered by the Benefit until the date of the issuance of such Shares.

**(i) Unfunded Status of Benefits.**

The Program is intended to constitute an “unfunded” plan for purposes of incentive and deferred compensation. With respect to any payments not yet made to a Grantee pursuant to a Benefit, nothing contained in the Program or any Benefit shall give any such Grantee any rights that are greater than those of a general creditor of the Company.

**(j) No Fractional Shares.**

No fractional Shares shall be issued or delivered pursuant to the Program or any Benefit. The Committee shall determine whether cash, other Benefits, or other property shall be issued or paid in lieu of such fractional Shares or whether such fractional Shares or any rights thereto shall be forfeited or otherwise eliminated.

**(k) Regulations and Other Approvals.**

The obligation of the Company to sell or deliver Shares with respect to any Program Benefit shall be subject to all applicable laws, rules and regulations, including all applicable securities laws, and the obtaining of all such approvals by governmental agencies as may be deemed necessary or appropriate by the Committee.

**(l) Listing, Registration or Qualification of Shares.**

Each Benefit is subject to the requirement that, if at any time the Committee or its delegate determines, in its sole discretion, that the listing, registration or qualification of Shares issuable pursuant to the Program is required by any securities exchange or under any state or federal law (or corresponding requirements under applicable laws in non-U.S. jurisdictions), or the consent or approval of any governmental regulatory body is necessary or desirable as a condition of, or in connection with, the grant of a Benefit or the issuance of Shares, no such Benefit shall be granted or payment made or Shares issued, in whole or in part, unless listing, registration, qualification, consent or approval has been effected or obtained free of any conditions not acceptable to the Committee or its delegate.

**(m) Restricted Securities.**

If the disposition of Shares acquired pursuant to the Program is not covered by a then current registration statement under the Securities Act of 1933 (the “Securities Act”), and is not otherwise exempt from such registration, then such Shares shall be restricted against transfer to the extent required by the Securities Act or regulations thereunder and the Committee may require a Grantee receiving Shares pursuant to the Program, as a condition precedent to receipt of

such Shares, to represent to the Company in writing that the Shares acquired by such Grantee is acquired for investment only and not with a view to distribution.

**(n) Section 409A.**

Notwithstanding any provision of the Program, to the extent that any Benefit would be subject to Code Section 409A, no such Benefit may be granted if it would fail to comply with the requirements set forth in Code Section 409A. To the extent that the Committee determines that the Program or any Benefit is subject to Code Section 409A and fails to comply with the requirements of Code Section 409A, notwithstanding anything to the contrary contained in the Program or in any Benefit Agreement, the Committee reserves the right to amend or terminate the Program and/or amend, restructure, terminate or replace the Benefit, without the consent of the Grantee, to cause the Benefit to either not be subject to Code Section 409A or to comply with the applicable provisions of such section. In addition, for each Benefit subject to Code Section 409A, a termination of employment or service with the Company and its Subsidiaries shall be deemed to have occurred under the Program with respect to such award on the first day on which an individual has experienced a "separation from service" within the meaning of Code Section 409A.

**(o) Governing Law.**

The Program and all determinations made and actions taken pursuant hereto shall be governed by the laws of the State of Delaware without giving effect to the conflict of laws principles thereof.

**(p) Construction.**

Any reference in the Program to any law, statute, rule, regulation, or official guidance thereunder, shall be construed as a reference to such law, statute, rule, regulation, or official guidance, as the same may be amended, from time to time, or any successor provision to such law, statute, rule, regulation or official guidance.

**(q) Effective Date.**

The Program shall become effective as of January 1, 2013 (the "Effective Date").

**15. DEFINITIONS.**

For purposes of the Program, the following terms shall be defined as set forth below:

- (a) "Abbott Stock Program" has the meaning ascribed to it in the Employee Matters Agreement.
- (b) "Adjusted Awards" means awards granted under the Abbott Stock Programs and converted into awards denominated with respect to Shares, as described in the Employee Matters Agreement, as well as any Replacement Options granted subsequent to the Effective Date.
- (c) "Benefit" means a grant under the Program of any of the types of awards described in Section 5.

- (d) “Benefit Agreement” means any written agreement, contract, or other instrument or document evidencing the terms and conditions of a Benefit.
- (e) “Board” means the Board of Directors of the Company.
- (f) “Change in Control” has the meaning ascribed to it in Section 13.
- (g) “Code” means the Internal Revenue Code of 1986, as amended.
- (h) “Committee” has the meaning ascribed to it in Section 2.
- (i) “Company” or “AbbVie” means AbbVie Inc., a corporation organized under the laws of the State of Delaware, or any successor corporation.
- (j) “Covered Employee” has the meaning ascribed to it in Code Section 162(m)(3).
- (k) “Effective Date” has the meaning ascribed to it in Section 14(q).
- (l) “Employee Matters Agreement” means the Employee Matters Agreement by and between Abbott Laboratories and AbbVie Inc., dated as of December 31, 2012.
- (m) “Exchange Act” means the Securities Exchange Act of 1934.
- (n) “Fair Market Value” means, with respect to Shares or other property, the fair market value of such Share or other property determined by such methods or procedures as shall be established from time to time by the Committee.
- (o) “Grantee” means (i) a person who, as a Non-Employee Director of the Company or an employee of the Company or a Subsidiary of the Company, or a beneficiary or estate of such person, has been granted a Benefit, or (ii) a recipient of an Adjusted Award in accordance with the terms of the Employee Matters Agreement.
- (p) “Individual Limits” means the limitations on awards to a single individual set forth in the third paragraph of Section 4 and in the second paragraph of Section 8.
- (q) “Non-Employee Director” means a member of the Board who is not a full-time employee of the Company or any of its Subsidiaries.
- (r) “Nonqualified Stock Option” means any option that is not intended to be designated as an incentive stock option within the meaning of Code Section 422.
- (s) “option” means a contractual right granted to a Grantee under the Program to purchase Shares at a specified price.
- (t) “optionee” means a person who, as a Non-Employee Director of the Company or an employee of the Company or a Subsidiary of the Company, or a beneficiary or estate of such person, has been granted an option.

- (u) “Other Share-Based Award” means a Benefit granted to a Grantee pursuant to Section 9, which may be denominated or payable in, valued in whole or in part by reference to, or otherwise based on, or related to, Shares.
- (v) “Performance Goals” has the meaning ascribed to it in Section 8.
- (w) “Person” has the meaning ascribed to it in Section 13(b).
- (x) “Program” means this AbbVie 2013 Incentive Stock Program, as amended from time to time.
- (y) “Replacement Options” has the meaning ascribed to it in Section 6(b).
- (z) “Restricted Stock” or “Restricted Stock Award” means Shares awarded to a Grantee under Section 7(a), without payment, as compensation for services to the Company or its Subsidiaries, which are subject to vesting restrictions, which may include the attainment of specified Performance Goals.
- (aa) “Restricted Stock Unit” means a contractual right to receive a number of Shares or an amount of cash equal to the value of that number of Shares corresponding to the number of units granted to a Grantee, without payment, as compensation for services to the Company or its Subsidiaries, which right may be subject to vesting restrictions including the attainment of specified Performance Goals.
- (bb) “Senior Vice President, Human Resources” means the Company’s Senior Vice President, Human Resources, or the individual holding equivalent duties and responsibilities.
- (cc) “Shares” means shares of the Company’s common stock.
- (dd) “Stock Appreciation Right” means an Other Share-Based Award, payable in cash or Shares, that entitles a Grantee upon exercise to the excess of the Fair Market Value of the Shares underlying the Benefit over a base price established by the Committee in respect of such Shares.
- (ee) “Subsidiary” has the meaning ascribed to it in Section 13(b).
- (ff) “Treasury Regulations” means the Federal tax regulations promulgated by the United States Department of Treasury.

ABBVIE INC.

Purchase Agreement

November 5, 2012

Morgan Stanley & Co. LLC  
1585 Broadway  
New York, New York 10036

Barclays Capital Inc.  
745 7th Avenue  
New York, New York 10019

J.P. Morgan Securities LLC  
383 Madison Ave., 3rd Floor  
New York, New York 10179

Merrill Lynch, Pierce, Fenner & Smith  
Incorporated  
One Bryant Park  
New York, New York 10036

As representatives of the several initial purchasers  
named in Schedule I hereto

c/o Morgan Stanley & Co. LLC  
1585 Broadway  
New York, New York 10036

Ladies and Gentlemen:

AbbVie Inc., a Delaware corporation (the “**Company**”), proposes to issue and sell to Morgan Stanley & Co. LLC, Barclays Capital Inc., J.P. Morgan Securities LLC, and Merrill Lynch, Pierce, Fenner & Smith Incorporated (collectively, the “**Representatives**”) and the other several purchasers named in Schedule I hereto (the “**Initial Purchasers**”) pursuant to this Purchase Agreement (this “**Agreement**”) \$3,500,000,000 principal amount of its 1.200% senior notes due 2015 (the “**Fixed 2015 Notes**”), \$4,000,000,000 principal amount of its 1.750% senior notes due 2017 (the “**2017 Notes**”), \$1,000,000,000 principal amount of its 2.000% senior notes due 2018 (the “**2018 Notes**”), \$2,600,000,000 principal amount of its 4.400% senior notes due 2042 (the “**2042 Notes**”) and \$500,000,000 principal amount of its floating rate senior notes due 2015 (the “**Floating 2015 Notes**”). Additionally, Morgan Stanley & Co. LLC (in its capacity as an offeror of the 2022 Notes (defined below), the “**Selling Noteholder**”), proposes to sell to the Initial Purchaser, pursuant to this Agreement, \$3,037,486,000 principal amount of the Company’s 2.900% senior notes due 2022 (the “**2022 Notes**”) and, together with the Fixed 2015

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Notes, the 2017 Notes, the 2018 Notes, the 2042 Notes and the Floating 2015 Notes, the “**Notes**,” and each of the Fixed 2015 Notes, the 2017 Notes, the 2018 Notes, the 2022 Notes, the 2042 Notes and the Floating 2015 Notes, a “**Series**”).

The Notes will be issued pursuant to the provisions of an Indenture dated as of November 8, 2012 between the Company and U.S. Bank National Association, as Trustee (the “**Trustee**”), as supplemented by the Supplemental Indenture No. 1 dated as of November 8, 2012 among the Company and the Trustee (such indenture as so supplemented, the “**Indenture**”). The payment of principal of, premium, if any, and interest on the Notes will be fully and unconditionally guaranteed on a senior unsecured basis by Abbott Laboratories, an Illinois Corporation (“**Abbott**” and in its capacity as a guarantor of the Notes, the “**Guarantor**”), and its successors and assigns pursuant to a Guarantee Agreement, dated November 8, 2012, between the Guarantor and the Trustee until terminated and released in accordance with the terms thereof (the “**Guarantee**”). The Notes and the Guarantee are herein collectively referred to as the “**Securities**.” The Notes, the Guarantee and the Indenture are more fully described in each Memorandum (as defined below) as amended or supplemented with respect to such Notes.

The Securities will be offered without registration under the Securities Act of 1933, as amended (the “**Securities Act**”), to qualified institutional buyers in compliance with the exemption from registration provided by Rule 144A under the Securities Act and in offshore transactions in reliance on Regulation S under the Securities Act (“**Regulation S**”).

The Initial Purchasers and their direct and indirect transferees will be entitled to the benefits of a Registration Rights Agreement, dated November 8, 2012, among the Company, the Guarantor and the Representatives on behalf of the Initial Purchasers (the “**Registration Rights Agreement**”).

In connection with the sale of the Securities, the Company has prepared a preliminary offering memorandum (the “**Preliminary Memorandum**”) and will prepare a final offering memorandum (the “**Final Memorandum**”) including or incorporating by reference a description of the terms of the Securities, the terms of the offering and a description of the Company. For purposes of this Agreement, “**Additional Written Offering Communication**” means any written communication (as defined in Rule 405 under the Securities Act) that constitutes an offer to sell or a solicitation of an offer to buy the Securities other than the Preliminary Memorandum or the Final Memorandum, and “**Time of Sale Memorandum**” means the Preliminary Memorandum together with the Additional Written Offering Communications, if any, identified in Schedule II hereto. The Preliminary Memorandum, Time of Sale Memorandum and Final Memorandum are each referred to herein as a “**Memorandum**.” As used herein, the terms Preliminary Memorandum, Time of Sale Memorandum and Final Memorandum shall include the documents, if any, expressly incorporated by reference therein on the date hereof. The terms “**supplement**,” “**amendment**” and “**amend**” as used herein with respect to the Preliminary Memorandum, the Time of Sale Memorandum, the Final Memorandum or any Additional Written Offering Communication shall include all documents subsequently filed by the Company with the Securities and Exchange Commission (the “**Commission**”) pursuant to the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), that are incorporated by reference therein.



The Notes are being issued in connection with the distribution (the “**Distribution**”) of all of the common stock of the Company to holders of common stock of Abbott, which, as of the date of this Agreement, is the Company’s parent company. In connection with the Distribution, the Company and Abbott will complete a series of transactions described in each Memorandum under the heading “Summary—The Separation and Distribution” (such transactions, the “**Transactions**”). On or prior to the Closing Date, and as part of the Transactions, (i) as partial consideration for the contribution of the Company’s business by Abbott or subsidiaries of Abbott to the Company or subsidiaries of the Company, the Company will issue to Abbott a portion of the 2022 Notes and (ii) pursuant to the Exchange Agreement, dated November 5, 2012, among Abbott and the Selling Noteholder (the “**Exchange Agreement**”), Abbott will exchange the 2022 Notes it receives with the Selling Noteholder for an equivalent fair value of Abbott commercial paper owned by the Selling Noteholder (the “**Debt for Debt Exchange**”).

In connection with the participation of the Initial Purchasers in the offering of the Securities pursuant to the terms hereof, and in recognition of the arm’s-length contractual relationship among the Initial Purchasers, the Company, the Guarantor and the Selling Noteholder created hereby (including the arm’s-length negotiation of the terms of the offering), each of the Company, the Guarantor and the Selling Noteholder acknowledges and agrees that (i) the Initial Purchasers are not acting as financial advisors or fiduciaries to the Company, the Guarantor or the Selling Noteholder or as agents of the Company, the Guarantor or the Selling Noteholder in any respect; (ii) the Initial Purchasers owe the Company, the Guarantor and the Selling Noteholder only those duties and obligations set forth in this Agreement and prior written agreements (to the extent not superseded by this Agreement), if any; and (iii) the Initial Purchasers may have interests that differ from those of the Company, the Guarantor and the Selling Noteholder. In further recognition of such arm’s-length contractual relationship and the limitations thereof, each of the Company, the Guarantor and the Selling Noteholder hereby acknowledges and agrees that no Initial Purchaser is advising the Company, the Guarantor or the Selling Noteholder as to any legal, tax, investment, accounting or regulatory matter in connection with the offering and each of the Company, the Guarantor and the Selling Noteholder shall consult with its own advisors concerning such matters, including conducting with such advisors its own independent analysis of such offering, and the Initial Purchasers shall have no responsibility or liability to the Company, the Guarantor or the Selling Noteholder with respect thereto. Each of the Company, the Guarantor and the Selling Noteholder waives to the full extent permitted by applicable law any claims it may have against the Initial Purchasers arising from an alleged breach of fiduciary duty in connection with the offering of the Securities.

1. **Representations and Warranties of the Company.** The Company represents and warrants to, and agrees with, each of the Representatives that:

- (a) (i) The Time of Sale Memorandum does not, and at the time of each sale of the Securities in connection with the offering when the Final Memorandum is not yet available to prospective purchasers, and at the Closing Date (as defined in Section 6), the Time of Sale Memorandum, as then amended or supplemented by the Company, if applicable, will not, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, (ii) the Preliminary

Memorandum does not contain, and the Final Memorandum, in the form used by the Initial Purchasers to confirm sales and on the Closing Date (as defined in Section 6), will not contain, any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, except that the representations and warranties set forth in this paragraph do not apply to statements or omissions in the Preliminary Memorandum, the Time of Sale Memorandum or the Final Memorandum based upon the Selling Noteholder Information (as defined below) or information relating to any Initial Purchaser furnished to the Company in writing by such Initial Purchaser through the Representatives expressly for use therein;

(b) Except for the Additional Written Offering Communications, if any, identified in Schedule II hereto, and the electronic road show related to the Notes furnished to the Representatives before first use, the Company has not prepared, used or referred to, and will not, without the Representatives' prior consent, prepare, use or refer to, any Additional Written Offering Communication;

(c) Neither the Company nor any of its subsidiaries has sustained since the date of the latest audited financial statements included or incorporated by reference in the Time of Sale Memorandum any loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree, which is material to the Company and its subsidiaries taken as a whole, otherwise than as set forth or contemplated in each Memorandum; and, since the respective dates as of which information is given in each Memorandum, there has not been any material change in the consolidated capital stock or any material increase in the consolidated long-term debt of the Company and its subsidiaries, taken as a whole, or any material adverse change, or any development involving a prospective material adverse change, in or affecting the business, financial position, shareholders' equity or results of operations of the Company and its subsidiaries, taken as a whole, otherwise than as set forth or contemplated in each Memorandum;

(d) The Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of the State of Delaware, with the corporate power and authority to own its properties and conduct its business as described in the Time of Sale Memorandum, and is duly qualified to transact business and is in good standing in each jurisdiction in which the conduct of its business or the ownership or leasing of its property requires such qualification, except where failure to be so qualified or in good standing would not, in the aggregate, have a material adverse effect upon the Company and its subsidiaries, taken as a whole;

(e) Each of the "Significant Subsidiaries" of the Company (as such term is defined in Rule 1-02(w) of Regulation S-X promulgated under the Securities Act) has been duly organized, is validly existing as a corporation in good standing under the laws of the jurisdiction of its organization, is duly qualified to transact business and is in good standing in each jurisdiction in which the conduct of its business or the ownership or leasing of its property requires such qualification, except where failure to be so qualified

or in good standing would not, in the aggregate, have a material adverse effect upon the Company and its subsidiaries, taken as a whole;

(f) This Agreement has been duly authorized, executed and delivered by the Company;

(g) The Notes have been duly authorized and, when executed and authenticated in accordance with the provisions of the Indenture and delivered to and paid for by the Initial Purchasers in accordance with the terms of this Agreement, will be valid and binding obligations of the Company, enforceable in accordance with their terms, subject to applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws relating to or affecting creditors' rights generally and general principles of equity (collectively, the "Enforceability Exceptions"), and will be entitled to the benefits of the Indenture, the Guarantee and the Registration Rights Agreement, subject to the Enforceability Exceptions and except as rights to indemnification and contribution may be limited under applicable law;

(h) The Indenture has been duly authorized and, assuming due execution and delivery by the Trustee, when executed and delivered by the Company, will be a valid and binding agreement of the Company, enforceable in accordance with its terms, subject to the Enforceability Exceptions;

(i) The Indenture conforms, and the Notes will conform, to the descriptions thereof contained in each Memorandum as amended or supplemented with respect to such Notes;

(j) The Registration Rights Agreement has been duly authorized and, assuming due delivery and execution by the Representatives, when executed and delivered by the Company, will be a valid and binding agreement of the Company, enforceable in accordance with its terms, subject to the Enforceability Exceptions and except as rights to indemnification and contribution may be limited under applicable law;

(k) The issue and sale of the Securities and the compliance by the Company with all of the provisions of the Notes, the Indenture, the Registration Rights Agreement, the Exchange Agreement and this Agreement, and the consummation of the transactions herein and therein contemplated, will not (i) conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, or result in the creation or imposition of any lien, charge or encumbrance upon any of the property or assets of the Company or any of its subsidiaries pursuant to the terms of, any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Company or any of its subsidiaries is a party or by which the Company or any of its subsidiaries is bound or to which any of the property or assets of the Company or any of its subsidiaries is subject, (ii) result in any violation of the provisions of the articles of incorporation or by-laws, each as amended, of the Company or (iii) result in a violation of any applicable law, statute or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Company or any of its subsidiaries or any of their respective properties, in any such case described in clause (i)

or (iii) the effects of which would, individually or in the aggregate, be materially adverse to the Company and its subsidiaries taken as a whole; and no consent, approval, authorization, order, registration or qualification of or with any such court or governmental agency or body is required for the issue and sale of the Securities or the consummation by the Company of the transactions contemplated by this Agreement, the Notes, the Indenture, the Registration Rights Agreement or the Exchange Agreement except such as have already been obtained or may be required by the securities or Blue Sky laws of the various states in connection with the offer and sale of the Securities and by Federal and state securities laws with respect to the Company's obligations under the Registration Rights Agreement and except as would not, individually or in the aggregate, be materially adverse to the Company's ability to consummate the transactions contemplated by this Agreement, the Notes, the Indenture, the Registration Rights Agreement or the Exchange Agreement or perform its obligations thereunder;

(l) Other than as set forth in the Time of Sale Memorandum, there are no legal or governmental proceedings pending to which the Company or any of its subsidiaries is a party or of which any property of the Company or any of its subsidiaries is the subject (including, without limitation, any proceedings before the United States Food and Drug Administration or comparable Federal, state, local or foreign governmental bodies) that, individually or in the aggregate, would reasonably be expected to have a material adverse effect on the business, financial position, shareholders' equity or results of operations of the Company and its subsidiaries, taken as a whole; and, to the Company's knowledge, no such proceedings are threatened or contemplated by governmental authorities or threatened by others;

(m) Except as noted therein, the combined financial statements of the Company, and the related notes thereto, contained in each Memorandum present fairly in all material respects the combined financial position of the Company and its consolidated subsidiaries as of the dates indicated and the results of their operations and changes in their combined cash flows for the periods specified; and such financial statements have been prepared in conformity with accounting principles generally accepted in the United States applied on a consistent basis; the selected financial data of the Company and its subsidiaries contained in each Memorandum present fairly the information shown therein and have been compiled on a basis consistent with that of the audited financial statements of the Company contained in each Memorandum; and the pro forma financial information of the Company, and the related notes thereto, contained in each Memorandum has been prepared in conformity with generally accepted accounting principles applied on a consistent basis throughout the periods involved and in accordance with the requirements of Regulation S-X;

(n) The Company and its subsidiaries (i) make and keep accurate books and records in all material respects and (ii) maintain internal accounting controls which provide reasonable assurance that (A) transactions are executed in accordance with management's authorization, (B) transactions are recorded as necessary to permit preparation of their financial statements and to maintain accountability for their assets, (C) access to their assets is permitted only in accordance with management's authorization and (D) the reported accountability for their assets is compared with

existing assets at reasonable intervals and appropriate action is taken with respect to any difference;

(o) The Company has established, maintains and will maintain disclosure controls and procedures (as defined in Rule 13a-15(e) of the Exchange Act) which are designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported in accordance with the Exchange Act and the rules and regulations thereunder. The Company has carried out and will carry out evaluations, under the supervision and with the participation of the Company's management, of the effectiveness of the design and operation of the Company's disclosure controls and procedures in accordance with Rule 13a-15 of the Exchange Act;

(p) Deloitte & Touche LLP, which has audited and reported on certain financial statements of the Company and its subsidiaries, is an independent registered public accounting firm with respect to the Company and its subsidiaries as required by the Securities Act and the Exchange Act and the rules and regulations of the Commission and the Public Company Accounting Oversight Board;

(q) Neither the Company nor any affiliate (as defined in Rule 501(b) of Regulation D under the Securities Act, an "**Affiliate**") of the Company has directly, or through any agent, (other than the Selling Noteholder and the Initial Purchasers, as to whom no representation or warranty is made) (i) sold, offered for sale, solicited offers to buy or otherwise negotiated in respect of, any security (as defined in the Securities Act) which is or will be integrated with the sale of the Securities in a manner that would require the registration under the Securities Act of the Securities or (ii) offered, solicited offers to buy or sold the Securities by any form of general solicitation or general advertising (as those terms are used in Regulation D under the Securities Act) or in any manner involving a public offering within the meaning of Section 4(2) of the Securities Act;

(r) None of the Company, its Affiliates or any person acting on its or their behalf (other than the Selling Noteholder and the Initial Purchasers, as to whom no representation or warranty is made) has engaged or will engage in any directed selling efforts (within the meaning of Regulation S) with respect to the Securities and the Company and its Affiliates, and any person acting on its or their behalf has complied and will comply with the offering restrictions requirement of Regulation S;

(s) Assuming the accuracy of the representations and warranties of the Selling Noteholder and the Initial Purchasers, it is not necessary in connection with the offer, sale and delivery of the Securities to the Initial Purchasers and the initial resale of the Securities by the Initial Purchasers to investors in the manner contemplated by this Agreement to register the Securities under the Securities Act or to qualify the Indenture under the Trust Indenture Act of 1939, as amended;

(t) The Securities satisfy the requirements set forth in Rule 144A(d)(3) under the Securities Act;

(u) Neither the Company nor any of its subsidiaries or Affiliates, directors or officers, nor to the Company's knowledge any, employees, agents or representatives of the Company or of any of its subsidiaries or Affiliates, has taken any action in furtherance of an offer, payment, promise to pay, or authorization or approval of the payment or giving of money, property, gifts or anything else of value, directly or indirectly, to any "government official" (including any officer or employee of a government or government-owned or controlled entity or of a public international organization, or any person acting in an official capacity for or on behalf of any of the foregoing, or any political party or party official or candidate for political office) to improperly influence official action or secure an improper advantage; and the Company and its subsidiaries and Affiliates have conducted their businesses in compliance with applicable anti-corruption laws and have instituted and maintained policies and procedures designed to promote and achieve compliance with such laws and with the representation and warranty contained in this paragraph;

(v) The operations of the Company and its subsidiaries are and have been conducted at all times in compliance with all applicable financial recordkeeping and reporting requirements, including those of the Bank Secrecy Act, as amended by Title III of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 ("USA PATRIOT Act"), and the applicable anti-money laundering statutes of jurisdictions where the Company and its subsidiaries conduct business, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any governmental agency (collectively, the "**Anti-Money Laundering Laws**"), and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company or any of its subsidiaries with respect to the Anti-Money Laundering Laws is pending or, to the knowledge of the Company, threatened, except for any such action, suit or proceeding as would not have a material adverse effect on the Company and its subsidiaries, taken as a whole;

(w) (i) To the Company's knowledge, none of the Company and its subsidiaries or any of their respective officers or directors is an individual or entity ("**Person**") that is an Embargoed Person; provided that if any subsidiary of the Company becomes an Embargoed Person pursuant to clause (B)(3) of the definition thereof as a result of a country or territory becoming subject to any applicable Sanctions program after the Closing Date, such Person shall not be an Embargoed Person so long as (A) the Company is taking reasonable steps to either obtain an appropriate license for transacting business in such country or territory or to cause such Person to no longer reside, be organized or chartered or have a place of business in such country or territory and (B) such Person's residing, being organized or chartered or having a place of business in such country or territory would not be reasonably expected to have a material adverse effect on the Company and its subsidiaries, taken as a whole;

(ii) "**Embargoed Person**" means (A) any country or territory that is the target of a sanctions program administered by U.S. Department of Treasury's Office of Foreign Assets Control ("**OFAC**") or (B) any Person that (1) is or is owned or controlled by a Person publicly identified on the most current list of "Specially Designated

Nationals and Blocked Persons” published by OFAC, (2) is the target of a sanctions program or sanctions list (x) administered by OFAC, the European Union or Her Majesty’s Treasury, or (y) under the Iran Sanctions Act, as amended, section 1245 of the National Defense Authorization Act for Fiscal Year 2012 or Executive Order 13590 “Authorizing the Imposition of Certain Sanctions with respect to the Provision of Services, Technology or Support for Iran’s Energy and Petro-chemical Sectors,” effective November 21, 2011 (collectively, “**Sanctions**”) or (3) resides, is organized or chartered, or has a place of business in a country or territory that is the subject of a Sanctions program administered by OFAC that prohibits dealing with the government of such country or territory (unless such Person has an appropriate license to transact business in such country or territory or otherwise is permitted to reside, be organized or chartered or maintain a place of business in such country or territory without violating any Sanctions); and

(iii) Except as permitted by Sanctions, the Company will not, directly or indirectly, use the proceeds of the offering, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other Person:

(A) to fund or facilitate any activities or business of or with any Person or in any country or territory that, at the time of such funding or facilitation, is the subject of Sanctions; or

(B) in any other manner that will result in a violation of Sanctions by any Person (including any Person participating in the offering, whether as underwriter, advisor, investor or otherwise).

2. **Representations and Warranties of the Guarantor.** The Guarantor represents and warrants to, and agrees with, each of the Representatives that:

(a) (i) Each document, if any, filed or to be filed by the Guarantor pursuant to the Exchange Act and incorporated by reference in the Preliminary Memorandum, the Time of Sale Memorandum or the Final Memorandum complied or will comply when so filed in all material respects with the Exchange Act and the applicable rules and regulations of the Commission thereunder, (ii) the Time of Sale Memorandum does not, and at the time of each sale of the Securities in connection with the offering when the Final Memorandum is not yet available to prospective purchasers, and at the Closing Date (as defined in Section 6), the Time of Sale Memorandum, as then amended or supplemented by the Company, if applicable, will not, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, (iii) the Preliminary Memorandum does not contain, and the Final Memorandum, in the form used by the Initial Purchasers to confirm sales and on the Closing Date (as defined in Section 6), will not contain, any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, except that the representations and warranties set forth in this paragraph do not apply to statements or omissions in the Preliminary Memorandum, the Time of Sale Memorandum or the Final

Memorandum based upon the Selling Noteholder Information (as defined below) or information relating to any Initial Purchaser furnished to the Company in writing by such Initial Purchaser through the Representatives expressly for use therein;

(b) Except for the Additional Written Offering Communications, if any, identified in Schedule II hereto, and the electronic road show related to the Notes furnished to the Representatives before first use, the Guarantor has not prepared, used or referred to, and will not, without the Representatives' prior consent, prepare, use or refer to, any Additional Written Offering Communication;

(c) Neither the Guarantor nor any of its subsidiaries has sustained since the date of the latest audited financial statements included or incorporated by reference in the Time of Sale Memorandum any loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree, which is material to the Guarantor and its subsidiaries taken as a whole, otherwise than as set forth or contemplated in each Memorandum; and, since the respective dates as of which information is given in each Memorandum, there has not been any material change in the consolidated capital stock or any material increase in the consolidated long-term debt of the Guarantor and its subsidiaries, taken as a whole, or any material adverse change, or any development involving a prospective material adverse change, in or affecting the business, financial position, shareholders' equity or results of operations of the Guarantor and its subsidiaries taken as a whole, otherwise than as set forth or contemplated in each Memorandum;

(d) The Guarantor has been duly incorporated and is validly existing as a corporation in good standing under the laws of the State of Illinois, with the corporate power and authority to own its properties and conduct its business as described in the Time of Sale Memorandum, and is duly qualified to transact business and is in good standing in each jurisdiction in which the conduct of its business or the ownership or leasing of its property requires such qualification, except where failure to be so qualified or in good standing would not, in the aggregate, have a material adverse effect upon the Guarantor and its subsidiaries, taken as a whole;

(e) Each of the "Significant Subsidiaries" of the Guarantor (as such term is defined in Rule 1-02(w) of Regulation S-X promulgated under the Securities Act) has been duly organized, is validly existing as a corporation in good standing under the laws of the jurisdiction of its organization, is duly qualified to transact business and is in good standing in each jurisdiction in which the conduct of its business or the ownership or leasing of its property requires such qualification, except where failure to be so qualified or in good standing would not, in the aggregate, have a material adverse effect upon the Guarantor and its subsidiaries, taken as a whole;

(f) This Agreement has been duly authorized, executed and delivered by the Guarantor;



(g) The Guarantee has been duly authorized and, assuming due execution and delivery by the Trustee, when executed and delivered by the Guarantor, will be a valid and binding agreement of the Guarantor, enforceable in accordance with its terms, subject to the Enforceability Exceptions; and the Guarantee conforms to the description thereof contained in each Memorandum;

(h) The Registration Rights Agreement has been duly authorized and, assuming due delivery and execution by the Representatives, when executed and delivered by the Guarantor, will be a valid and binding agreement of, the Guarantor, enforceable in accordance with its terms, subject to the Enforceability Exceptions and except as rights to indemnification and contribution may be limited under applicable law;

(i) The issue and sale of the Securities and the compliance by the Guarantor with all of the provisions of the Guarantee, the Registration Rights Agreement, the Exchange Agreement and this Agreement, and the consummation of the transactions herein and therein contemplated, will not (i) conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, or result in the creation or imposition of any lien, charge or encumbrance upon any of the property or assets of the Guarantor or any of its subsidiaries pursuant to the terms of, any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Guarantor or any of its subsidiaries is a party or by which the Guarantor or any of its subsidiaries is bound or to which any of the property or assets of the Guarantor or any of its subsidiaries is subject, (ii) result in any violation of the provisions of the articles of incorporation or by-laws, each as amended, of the Guarantor or (iii) result in a violation of any applicable law, statute or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Guarantor or any of its subsidiaries or any of their respective properties, in any such case described in clause (i) or (iii) the effects of which would, individually or in the aggregate, be materially adverse to the Guarantor and its subsidiaries taken as a whole; and no consent, approval, authorization, order, registration or qualification of or with any such court or governmental agency or body is required for the issue and sale of the Securities or the consummation by the Guarantor of the transactions contemplated by this Agreement, the Guarantee, the Registration Rights Agreement or the Exchange Agreement except such as have already been obtained or may be required by the securities or Blue Sky laws of the various states in connection with the offer and sale of the Securities and by Federal and state securities laws with respect to the Guarantor's obligations under the Registration Rights Agreement and except as would not, individually or in the aggregate, be materially adverse to the Guarantor's ability to consummate the transactions contemplated by this Agreement, the Guarantee, the Registration Rights Agreement or the Exchange Agreement or to perform its obligations thereunder;

(j) Other than as set forth in the Time of Sale Memorandum, there are no legal or governmental proceedings pending to which the Guarantor or any of its subsidiaries is a party or of which any property of the Guarantor or any of its subsidiaries is the subject (including, without limitation, any proceedings before the United States Food and Drug Administration or comparable Federal, state, local or foreign governmental bodies) that, individually or in the aggregate, would reasonably be

expected to have a material adverse effect on the business, financial position, shareholders' equity or results of operations of the Company and its subsidiaries, taken as a whole; and, to the Guarantor's knowledge, no such proceedings are threatened or contemplated by governmental authorities or threatened by others;

(k) Except as noted therein, the consolidated financial statements of the Guarantor, and the related notes thereto, contained in each Memorandum present fairly in all material respects the consolidated financial position of the Guarantor and its consolidated subsidiaries as of the dates indicated and the results of their operations and changes in their consolidated cash flows for the periods specified; and such financial statements have been prepared in conformity with accounting principles generally accepted in the United States applied on a consistent basis; and the pro forma financial information of the Guarantor, and the related notes thereto, contained or incorporated by reference in each Memorandum fairly present in all material respects the information contained therein and have been prepared in conformity with generally accepted accounting principles applied on a consistent basis throughout the periods involved and in accordance with the requirements of Regulation S-X;

(l) The Guarantor and its subsidiaries (i) make and keep accurate books and records in all material respects and (ii) maintain internal accounting controls which provide reasonable assurance that (A) transactions are executed in accordance with management's authorization, (B) transactions are recorded as necessary to permit preparation of their financial statements and to maintain accountability for their assets, (C) access to their assets is permitted only in accordance with management's authorization and (D) the reported accountability for their assets is compared with existing assets at reasonable intervals and appropriate action is taken with respect to any difference;

(m) The Guarantor has established, maintains and will maintain disclosure controls and procedures (as defined in Rule 13a-15(e) of the Exchange Act) which are designed to ensure that information required to be disclosed by the Guarantor in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported in accordance with the Exchange Act and the rules and regulations thereunder. The Guarantor has carried out and will carry out evaluations, under the supervision and with the participation of the Guarantor's management of the effectiveness of the design and operation of the Guarantor's disclosure controls and procedures in accordance with Rule 13a-15 of the Exchange Act;

(n) There is and has been no failure on the part of the Guarantor or, to the knowledge of the Guarantor, any of the Guarantor's directors or officers, in their capacities as such, to comply in all material respects with any provision of the Sarbanes-Oxley Act of 2002 and the rules and regulations promulgated in connection therewith, including Section 402 related to loans and Sections 302 and 906 related to certifications;

(o) Deloitte & Touche LLP, which has audited and reported on certain financial statements of the Guarantor and its subsidiaries and the effectiveness of the

Guarantor's internal control over financial reporting, is an independent registered public accounting firm with respect to the Guarantor and its subsidiaries as required by the Securities Act and the Exchange Act and the rules and regulations of the Commission and the Public Company Accounting Oversight Board;

(p) Neither the Guarantor nor any Affiliate of the Guarantor has directly, or through any agent (other than the Selling Noteholder and the Initial Purchasers, as to whom no representation or warranty is made), (i) sold, offered for sale, solicited offers to buy or otherwise negotiated in respect of, any security (as defined in the Securities Act) which is or will be integrated with the sale of the Securities in a manner that would require the registration under the Securities Act of the Securities or (ii) offered, solicited offers to buy or sold the Securities by any form of general solicitation or general advertising (as those terms are used in Regulation D under the Securities Act) or in any manner involving a public offering within the meaning of Section 4(2) of the Securities Act;

(q) None of the Guarantor, its Affiliates or any person acting on its or their behalf (other than the Selling Noteholder and the Initial Purchasers, as to whom no representation or warranty is made) has engaged or will engage in any directed selling efforts (within the meaning of Regulation S) with respect to the Securities and the Guarantor and its Affiliates, and any person acting on its or their behalf has complied and will comply with the offering restrictions requirement of Regulation S;

(r) Assuming the accuracy of the representations and warranties of the Selling Noteholder and the Initial Purchasers and compliance by the Selling Noteholder and Initial Purchasers with the terms of the Agreement, it is not necessary in connection with the offer, sale and delivery of the Securities to the Initial Purchasers and the initial resale of the Securities by the Initial Purchasers to investors in the manner contemplated by this Agreement to register the Securities under the Securities Act or to qualify the Indenture under the Trust Indenture Act of 1939, as amended;

(s) The Securities satisfy the requirements set forth in Rule 144A(d)(3) under the Securities Act;

(t) Neither the Guarantor nor any of its subsidiaries or Affiliates, directors or officers, nor to the Guarantor's knowledge any employees, agents or representatives of the Guarantor or of any of its subsidiaries or Affiliates, has taken any action in furtherance of an offer, payment, promise to pay, or authorization or approval of the payment or giving of money, property, gifts or anything else of value, directly or indirectly, to any "government official" (including any officer or employee of a government or government-owned or controlled entity or of a public international organization, or any person acting in an official capacity for or on behalf of any of the foregoing, or any political party or party official or candidate for political office) to improperly influence official action or secure an improper advantage; and the Guarantor and its subsidiaries and Affiliates have conducted their businesses in compliance with applicable anti-corruption laws and have instituted and maintained policies and

procedures designed to promote and achieve compliance with such laws and with the representation and warranty contained in this paragraph;

(u) The operations of the Guarantor and its subsidiaries are and have been conducted at all times in compliance with all applicable Anti-Money Laundering Laws, and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Guarantor or any of its subsidiaries with respect to the Anti-Money Laundering Laws is pending or, to the knowledge of the Guarantor, threatened, except for any such action, suit or proceeding as would not have a material adverse effect on the Company and its subsidiaries, taken as a whole;

(v) (i) To the Guarantor's knowledge, none of the Guarantor and its subsidiaries or any of their respective officers or directors is a Person that is an Embargoed Person; provided that if any subsidiary of the Guarantor becomes an Embargoed Person pursuant to clause (B)(3) of the definition thereof as a result of a country or territory becoming subject to any applicable Sanctions program after the Closing Date, such Person shall not be an Embargoed Person so long as (A) the Guarantor is taking reasonable steps to either obtain an appropriate license for transacting business in such country or territory or to cause such Person to no longer reside, be organized or chartered or have a place of business in such country or territory and (B) such Person's residing, being organized or chartered or having a place of business in such country or territory would not be reasonably expected to have a material adverse effect on the Guarantor and its subsidiaries, taken as a whole; and

(ii) Except as permitted by Sanctions, the Guarantor will not, directly or indirectly, use the proceeds of the offering, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other Person:

(A) to fund or facilitate any activities or business of or with any Person or in any country or territory that, at the time of such funding or facilitation, is the subject of Sanctions; or

(B) in any other manner that will result in a violation of Sanctions by any Person (including any Person participating in the offering, whether as underwriter, advisor, investor or otherwise).

3. **Representations and Warranties of the Selling Noteholder.** The Selling Noteholder represents and warrants to, and agrees with, each Representative that:

(a) The information relating to the Selling Noteholder furnished to the Company in writing by the Selling Noteholder expressly for use in each Memorandum and any written communication prepared by such Selling Noteholder approved by the Company for delivery and delivered to potential investors in connection with the sale of the Securities does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, it being understood and

agreed that any such information appears under the heading “Selling Noteholder” in each Memorandum (the “**Selling Noteholder Information**”);

(b) This Agreement has been duly authorized, executed and delivered by the Selling Noteholder;

(c) The sale of the 2022 Notes by the Selling Noteholder pursuant to this Agreement is not prompted by any material information concerning the Company or any of its subsidiaries that is not set forth in each Memorandum.

(d) The execution, delivery and performance by the Selling Noteholder of this Agreement, the Exchange Agreement and the sale of the 2022 Notes and compliance by the Selling Noteholder with the terms of this Agreement and the Exchange Agreement will not (i) conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Selling Noteholder is a party or by which the Selling Noteholder is bound or to which any of the property or assets of such Selling Noteholder is subject, (ii) result in any violation of the provisions of the charter or bylaws or similar organizational documents of the Selling Noteholder or (iii) result in the violation of any law or statute or any judgment, order, rule or regulation of any court or arbitrator or governmental or regulatory authority, except in the case of clauses (i) or (iii) above, where such contravention would not, singly or in the aggregate, have a material adverse effect on the power and ability of the Selling Noteholder to perform its obligations under this Agreement or the Exchange Agreement or to consummate the sale of the 2022 Notes;

(e) None of the Selling Noteholder, any of its Affiliates or any person acting on its or their behalf (other than the Company, the Guarantor and their Affiliates, as to whom the Selling Noteholder makes no representation) has engaged, in connection with the offering of the Securities, in any form of general solicitation or general advertising within the meaning of Rule 502(c) under the Securities Act. With respect to those Securities sold in reliance on Regulation S, (i) none of the Selling Noteholder, its Affiliates or any person acting on its or their behalf (other than the Company, the Guarantor and their Affiliates, as to whom the Selling Noteholder makes no representation) has engaged in any directed selling efforts within the meaning of Regulation S and (ii) the Selling Noteholder, each of its Affiliates and each person acting on its or their behalf (other than the Company, the Guarantor and their Affiliates, as to whom such Selling Noteholder makes no representation) has complied with the offering restrictions requirement of Regulation S;

(f) The Selling Noteholder is an accredited investor within the meaning of Rule 501(a) under the Securities Act and, at the Closing Date, will have the legal right and power, and all authorization and approval required by law, to enter into this Agreement and to sell, transfer and deliver the 2022 Notes to be sold by the Selling Noteholder or a valid security entitlement in respect of such Securities;

(g) Except as permitted by law, the Selling Noteholder has not taken, directly or indirectly, any action that is designed to or that has constituted or that would reasonably be expected to cause or result in the stabilization or manipulation of the price of any security of the Company or the Guarantor to facilitate the sale or resale of the 2022 Notes;

(h) The Selling Noteholder agrees that it has not, in its capacity as Selling Noteholder, entered into, and will not prior to the Closing Date or the termination of this Agreement enter into, any contractual arrangement with respect to the distribution of the Securities except for this Agreement, it being understood that the Selling Noteholder will, in its capacity as an Initial Purchaser, enter into customary agreements related to the distribution of the securities including this Agreement, the Registration Rights Agreement, and arrangements with the other Initial Purchasers and customers to whom the Securities are sold; and

(i) The Selling Noteholder will deliver to the Company prior to or on the Closing Date a properly completed and executed United States Treasury Department Form W-9 (or other applicable form or statement specified by Treasury Department regulations in lieu thereof).

4. **Agreements to Sell and Purchase.** Each of the Company and the Selling Noteholder, severally and not jointly, hereby agrees to sell to the several Initial Purchasers, and each Initial Purchaser, upon the basis of the representations and warranties herein contained, but subject to the conditions hereinafter stated, agrees, severally and not jointly, to purchase from the Company and the Selling Noteholder, at purchase prices as set forth on Schedule III, in the respective principal amount of each Series set forth opposite its name in Schedule I hereto.

5. **Terms of Offering.** The Representatives have advised the Company and the Selling Noteholder that the Initial Purchasers will make an offering of the Securities purchased by the Initial Purchasers hereunder as soon as practicable after this Agreement is entered into as in the judgment of the Representatives is advisable.

6. **Payment and Delivery.** Payment for the Securities shall be made to the Company and the Selling Noteholder in Federal or other funds immediately available in New York City against delivery of such Securities for the respective accounts of the several Initial Purchasers at 10:00 a.m., New York City time, on November 8, 2012, or at such other time on the same or such other date as shall be designated in writing by the Representatives. The time and date of such payment are hereinafter referred to as the “Closing Date.”

The Securities shall be in definitive form or global form, as specified by the Representatives, and registered in such names and in such denominations as the Representatives shall request in writing not later than one full business day prior to the Closing Date. The Securities shall be delivered to the Representatives on the Closing Date for the respective accounts of the several Initial Purchasers, with any transfer taxes payable in connection with the transfer of the Securities to the Initial Purchasers duly paid, against payment of the purchase price therefor plus accrued interest, if any, to the date of payment and delivery.

7. **Conditions to the Initial Purchasers' Obligations.** The several obligations of the Initial Purchasers to purchase and pay for the Securities on the Closing Date are subject, in the discretion of the Representatives, to the condition that all representations and warranties and other statements of the Company, the Guarantor and the Selling Noteholder in this Agreement are, at and as of the Closing Date, true and correct, the condition that each of them shall have performed in all material respects all of their respective obligations hereunder theretofore to be performed; provided, that in the case of the representations and warranties and other statements of the Selling Noteholder, such representations and warranties and other statements shall be subject to the waiver by the Company to the extent legally permissible; and to the following additional conditions:

(a) The Initial Purchasers shall have received on the Closing Date an opinion of Shearman & Sterling LLP, counsel for the Initial Purchasers, dated the Closing Date, with respect to such matters as may be reasonably requested by the Initial Purchasers;

(b) The Initial Purchasers shall have received on the Closing Date an opinion of John A. Berry, Divisional Vice President, Associate General Counsel and Assistant Secretary of the Guarantor on behalf of the Company (or such other person who shall be a senior legal officer of the Company or Guarantor on the Closing Date), dated the Closing Date, to the effect set forth in Exhibit A hereto;

(c) The Initial Purchasers shall have received on the Closing Date an opinion of John A. Berry, Divisional Vice President, Associate General Counsel and Assistant Secretary (or such other person who shall be Divisional Vice President, and Associate General Counsel and Assistant Secretary of the Guarantor on the Closing Date), dated the Closing Date, to the effect set forth in Exhibit B hereto;

(d) The Initial Purchasers shall have received on the Closing Date an opinion of Wachtell, Lipton, Rosen & Katz LLP, outside counsel for the Company and the Guarantor, dated the Closing Date, to the effect set forth in Exhibit C-1 and a negative assurance letter, dated the Closing Date, to the effect set forth in Exhibit C-2;

(e) The Initial Purchasers shall have received on the Closing Date an opinion of Mayer Brown LLP, outside counsel for the Company and the Guarantor, dated the Closing Date, to the effect set forth in Exhibit D-1 and a negative assurance letter, dated the Closing Date, to the effect set forth in Exhibit D-2;

(f) The Initial Purchasers shall have received on each of the date hereof and the Closing Date a letter, dated the date hereof or the Closing Date, as applicable, in form and substance satisfactory to the Initial Purchasers, from Deloitte & Touche LLP, independent public accountants for the Company, containing statements and information of the type ordinarily included in accountants' "comfort letters" to underwriters with respect to the financial statements and certain financial information contained in the Time of Sale Memorandum and the Final Memorandum; *provided* that the letter delivered on the Closing Date shall use a "cut-off date" not earlier than the date hereof;

(g) The Initial Purchasers shall have received on each of the date hereof and the Closing Date a letter, dated the date hereof or the Closing Date, as applicable, in form and substance satisfactory to the Initial Purchasers, from Deloitte & Touche LLP, independent public accountants for the Guarantor, containing statements and information of the type ordinarily included in accountants' "comfort letters" to underwriters with respect to the financial statements and certain financial information contained in or incorporated by reference into the Time of Sale Memorandum and the Final Memorandum; *provided* that the letter delivered on the Closing Date shall use a "cut-off date" not earlier than the date hereof;

(h) (i) Neither the Company, nor the Guarantor nor any of their respective subsidiaries shall have sustained since the date of the latest financial statements included in the Time of Sale Memorandum any loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree, otherwise than as set forth or contemplated in the Time of Sale Memorandum, and (ii) since the respective dates as of which information is given in the Time of Sale Memorandum there shall not have been any change in the consolidated capital stock or any increase in the consolidated long-term debt of the Company and its subsidiaries or the Guarantor and its subsidiaries, in each case, taken as a whole, or any change, or any development involving a prospective change, in or affecting the business, financial position, shareholders' equity or results of operations of the Company and its subsidiaries or the Guarantor and its subsidiaries, in each case, taken as a whole, otherwise than as set forth or contemplated in the Time of Sale Memorandum, the effect of which, in any such case described in clause (i) or (ii), is in the reasonable judgment of the Representatives so material and adverse as to make it impracticable or inadvisable to proceed with the offering or the delivery of the Securities on the terms and in the manner contemplated in the Time of Sale Memorandum;

(i) On or after the date of this Agreement (i) no downgrading shall have occurred, nor shall any notice have been given of any intended or potential downgrading, in the rating accorded the Company (if any) or the Guarantor or any of the securities of the Company, the Guarantor or any of their subsidiaries by Moody's Investor Services or Standard & Poor's Ratings Service and (ii) neither organization shall have publicly announced that it has under surveillance or review, with possible negative implications, its rating of any of the Company's nor the Guarantor's debt securities;

(j) The Company and the Guarantor shall have furnished or caused to be furnished to the Representatives on the Closing Date a certificate or certificates of officers of the Company or the Guarantor, as applicable, satisfactory to the Representatives as to the accuracy of the representations and warranties of the Company or the Guarantor, as applicable, herein at and as of the Closing Date, as to the performance by the Company or the Guarantor, as applicable, of all of its respective obligations hereunder to be performed at or prior to the Closing Date and as to the matters set forth in Section 7(h) and 7(i);

(k) The Debt for Debt Exchange shall have been consummated or shall occur substantially concurrently with the issuance and sale of the Securities; and



(l) The private letter ruling Abbott received from the Internal Revenue Service on October 25, 2012 shall continue to be valid as of the Closing Date and shall not have been revoked or modified in any material respect that is adverse to the Guarantor or the Company.

8. **Covenants of the Company and the Guarantors.** The Company and the Guarantor covenant to each Initial Purchaser as follows:

(a) To furnish to the Representatives in New York City, without charge, prior to 10:00 a.m. New York City time on the second business day next succeeding the date of this Agreement and during the period mentioned in Section 8(d) or (e), as many copies of the Time of Sale Memorandum, the Final Memorandum, any documents incorporated by reference therein and any supplements and amendments thereto as the Representatives may reasonably request;

(b) Before amending or supplementing the Preliminary Memorandum, the Time of Sale Memorandum or the Final Memorandum, to furnish to the Representatives a copy of each such proposed amendment or supplement and not to use any such proposed amendment or supplement to which the Representatives reasonably object, except as may be required by applicable law;

(c) To furnish to the Representatives a copy of each proposed Additional Written Offering Communication to be prepared by or on behalf of, used by, or referred to by the Company or the Guarantor and not to use or refer to any proposed Additional Written Offering Communication to which the Representatives reasonably object;

(d) If the Time of Sale Memorandum is being used to solicit offers to buy the Securities at a time when the Final Memorandum is not yet available to prospective purchasers and any event shall occur or condition exist as a result of which it is necessary to amend or supplement the Time of Sale Memorandum in order to make the statements therein, in the light of the circumstances, not misleading, or if, in the opinion of counsel for the Initial Purchasers, it is necessary to amend or supplement the Time of Sale Memorandum to comply with applicable law, forthwith to prepare and furnish, at its own expense, to the Initial Purchasers and to any dealer upon request, either amendments or supplements to the Time of Sale Memorandum so that the statements in the Time of Sale Memorandum as so amended or supplemented will not, in the light of the circumstances when delivered to a prospective purchaser, be misleading or so that the Time of Sale Memorandum, as amended or supplemented, will comply with applicable law;

(e) If, during such period after the date hereof and prior to the date on which all of the Securities shall have been sold by the Initial Purchasers, any event shall occur or condition exist as a result of which it is necessary to amend or supplement the Final Memorandum in order to make the statements therein, in the light of the circumstances when the Final Memorandum is delivered to a purchaser, not misleading, or if, in the opinion of counsel for the Initial Purchasers, it is necessary to amend or supplement the Final Memorandum to comply with applicable law, forthwith to prepare and furnish, at its own expense (unless such amendment or supplement shall be made more than six

months after the date of this Agreement, in which case at the sole expense of the Initial Purchasers), to the Initial Purchasers, either amendments or supplements to the Final Memorandum so that the statements in the Final Memorandum as so amended or supplemented will not, in the light of the circumstances when the Final Memorandum is delivered to a purchaser, be misleading or so that the Final Memorandum, as amended or supplemented, will comply with applicable law;

(f) To endeavor to qualify the Securities for offer and sale under the securities or Blue Sky laws of such jurisdictions as the Representatives shall reasonably request and to continue such qualifications, if any, in effect so long as required for the initial resale of the Securities by the Initial Purchasers; provided that neither the Company nor the Guarantor shall be required to qualify as a foreign corporation or to file a general consent to service of process in any jurisdiction or subject itself to taxation in a jurisdiction in which it is not otherwise subject to tax;

(g) Whether or not the transactions contemplated in this Agreement are consummated or this Agreement is terminated, to pay or cause to be paid the following: (i) the fees, disbursements and expenses of the counsel and accountants for the Company and the Guarantor in connection with the preparation, printing and filing of each Memorandum, and amendments and supplements thereto and the mailing and delivering of copies thereof to the Initial Purchasers and dealers; (ii) the cost of printing or producing this Agreement, the Indenture, the Registration Rights Agreement any Blue Sky survey and any other documents in connection with the offering, purchase, sale and delivery of the Securities; (iii) all expenses in connection with the qualification of the Securities for offering and sale under state securities laws as provided in Section 8(f) hereof, including the reasonable fees and disbursements of counsel for the Initial Purchasers in connection with such qualification and in connection with the Blue Sky survey; (iv) any reasonable fees charged by securities rating services for rating the Securities; (v) the cost of preparing the Securities; (vi) the fees and expenses of the Trustee and any agent of the Trustee and the fees and disbursements of counsel for any Trustee in connection with the Indenture and the Securities; and (vii) all other costs and expenses incident to the performance of their obligations hereunder which are not otherwise specifically provided for in this Section. It is understood, however, that, except as provided in this Section, Section 11 and Section 13 hereof, the Initial Purchasers will pay all of their own costs and expenses, including the fees of their counsel, transfer taxes on resale of any of the Securities by them, and any advertising expenses connected with any offers they may make;

(h) Neither the Company, the Guarantor nor any of their respective Affiliates will sell, offer for sale or solicit offers to buy or otherwise negotiate in respect of any security (as defined in the Securities Act) which could be integrated with the sale of the Securities in a manner which would require the registration under the Securities Act of the Securities;

(i) Not to solicit any offer to buy or offer or sell the Securities by means of any form of general solicitation or general advertising (as those terms are used in

Regulation D under the Securities Act) or in any manner involving a public offering within the meaning of Section 4(2) of the Securities Act;

(j) While any of the Securities remain “restricted securities” within the meaning of the Securities Act, to make available, upon request, to any seller of such Securities the information specified in Rule 144A(d)(4) under the Securities Act, unless the Company is then subject to Section 13 or 15(d) of the Exchange Act;

(k) During the period of one year after the Closing Date, neither the Company or the Guarantor will be, or become, an open-end investment company, unit investment trust or face-amount certificate company that is or is required to be registered under Section 8 of the Investment Company Act;

(l) None of the Company, the Guarantor, their respective Affiliates or any person acting on its or their behalf (other than the Initial Purchasers) will engage in any directed selling efforts (as that term is defined in Regulation S) with respect to the Securities, and the Company, the Guarantor and their Affiliates and each person acting on its or their behalf (other than the Initial Purchasers) will comply with the offering restrictions requirement of Regulation S;

(m) During the period from the Closing Date to the earlier of (i) one year after the Closing Date and (ii) the date of effectiveness of a registration statement as contemplated in the Registration Rights Agreement, neither the Company nor the Guarantor will, and will not permit any of their respective “affiliates” (as defined in Rule 144 under the Securities Act) to, resell any of the Securities that have been reacquired by them, except for Securities purchased by the Company or the Guarantor or any of their respective affiliates and resold in a transaction registered under the Securities Act;

(n) Not to take any action prohibited by Regulation M under the Exchange Act in connection with the distribution of the Securities contemplated hereby;

(o) The Company shall use the proceeds from the sale of the Securities in the manner described in the Times of Sale Memorandum and the Final Memorandum; and

(p) During the period of one year hereafter, the Company and the Guarantor will furnish to the Initial Purchasers, as soon as available, a copy of each of the reports, notices or communications sent to securityholders, if not available on the Commission’s Electronic Data Gathering, Analysis and Retrieval system.

The Company also agrees that, without the prior written consent of the Representatives on behalf of the Initial Purchasers, it will not, during the period beginning on the date hereof and continuing to and including the Closing Date, offer, sell, contract to sell or otherwise dispose of any debt securities of the Company or warrants to purchase debt securities of the Company substantially similar to the Securities (other than the sale of the Securities under this Agreement).

9. **Covenants of the Selling Noteholder.** The Selling Noteholder covenants with each Representative as follows:

(a) None of the Selling Noteholder, any of its Affiliates or any person acting on its or their behalf (other than the Company, the Guarantor and their Affiliates, as to whom the Selling Noteholder makes no representation) will engage, in connection with the offering of the Securities, in any form of general solicitation or general advertising within the meaning of Rule 502(c) under the Securities Act. With respect to those Securities sold in reliance on Regulation S, (A) none of the Selling Noteholder, its Affiliates or any person acting on its or their behalf (other than the Company, the Guarantor and their Affiliates, as to whom the Selling Noteholder makes no representation) will engage in any directed selling efforts within the meaning of Regulation S and (B) the Selling Noteholder, each of its Affiliates and each person acting on its or their behalf (other than the Company, the Guarantor, and their Affiliates, as to whom the Selling Noteholder makes no representation) has complied and will comply with the offering restrictions requirement of Regulation S; and

(b) Not to take any action prohibited by Regulation M under the Exchange Act in connection with the distribution of the Securities contemplated hereby.

10. **Offering of Securities; Restrictions on Transfer.** (a) Each Initial Purchaser, severally and not jointly, represents and warrants that such Initial Purchaser is a qualified institutional buyer as defined in Rule 144A under the Securities Act (a “**QIB**”). Each Initial Purchaser, severally and not jointly, agrees with the Company and the Selling Noteholder that (i) it will not solicit offers for, or offer or sell, such Securities by any form of general solicitation or general advertising (as those terms are used in Regulation D under the Securities Act) or in any manner involving a public offering within the meaning of Section 4(2) of the Securities Act and (ii) it will solicit offers for such Securities only from, and will offer such Securities only to, persons that it reasonably believes to be (A) in the case of offers inside the United States, QIBs, and (B) in the case of offers outside the United States, to persons other than U.S. persons (“foreign purchasers,” which term shall include dealers or other professional fiduciaries in the United States acting on a discretionary basis for foreign beneficial owners (other than an estate or trust)) in reliance upon Regulation S under the Securities Act that, in each case, in purchasing such Securities are deemed to have represented and agreed as provided in the Final Memorandum under the caption “Transfer Restrictions”.

(b) Each Initial Purchaser, severally and not jointly, represents, warrants, and agrees with respect to offers and sales outside the United States that:

(i) such Initial Purchaser understands that no action has been or will be taken in any jurisdiction by the Company or the Selling Noteholder that would permit a public offering of the Securities, or possession or distribution of the

Preliminary Memorandum, the Time of Sale Memorandum, the Final Memorandum or any other offering or publicity material relating to the Securities, in any country or jurisdiction where action for that purpose is required;

(ii) such Initial Purchaser will comply with all applicable laws and regulations in each jurisdiction in which it acquires, offers, sells or delivers Securities or has in its possession or distributes the Preliminary Memorandum, the Time of Sale Memorandum, the Final Memorandum or any such other material, in all cases at its own expense;

(iii) the Securities have not been registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Rule 144A or Regulation S under the Securities Act or pursuant to another exemption from the registration requirements of the Securities Act;

(iv) such Initial Purchaser has offered the Securities and will offer and sell the Securities (A) as part of their distribution at any time and (B) otherwise until 40 days after the later of the commencement of the offering and the Closing Date, only in accordance with Rule 903 of Regulation S or as otherwise permitted in Section 10(a); accordingly, neither such Initial Purchaser, its Affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts (within the meaning of Regulation S) with respect to the Securities, and any such Initial Purchaser, its Affiliates and any such persons have complied and will comply with the offering restrictions requirement of Regulation S;

(v) such Initial Purchaser, in relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State it has not made and will not make an offer of Securities to the public in that Relevant Member State, other than:

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

(B) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the Representatives on behalf of the Initial Purchasers for any such offer; or

(C) in any other circumstances falling within Article 3 of the Prospectus Directive, provided that no such offer of Securities shall

require the Company or any Initial Purchaser to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of the above, the expression an “offer of Securities to the public” in relation to any Securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe for the Securities, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression “Prospectus Directive” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in that Member State, and the expression “2010 PD Amending Directive” means Directive 3010/73/EU.

(vi) such Initial Purchaser has represented and agreed that it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000) received by it in connection with the issue or sale of the Securities in circumstances in which Section 21(1) of such Act does not apply to us, and it has complied and will comply with all applicable provisions of such Act with respect to anything done by it in relation to any Securities in, from or otherwise involving the United Kingdom;

(vii) such Initial Purchaser understands that the Securities have not been and will not be registered under the Securities and Exchange Law of Japan, and represents that it has not offered or sold, and agrees not to offer or sell, directly or indirectly, any Securities in Japan or for the account of any resident thereof except pursuant to any exemption from the registration requirements of the Securities and Exchange Law of Japan and otherwise in compliance with applicable provisions of Japanese law; and

(viii) such Initial Purchaser agrees that, at or prior to confirmation of sales of the Securities, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Securities from it during the restricted period a confirmation or notice to substantially the following effect:

“The Securities covered hereby have not been registered under the U.S. Securities Act of 1933 (the “Securities Act”) and may not be offered and sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the closing date, except in either case in accordance with Regulation S (or Rule 144A if available) under the Securities Act. Terms used above have the meaning given to them by Regulation S.”

Terms used in this Section 10 (b) have the meanings given to them by Regulation S.

11. **Indemnity and Contribution.**

(a) Each of the Company and the Guarantor will, jointly and severally, indemnify and hold harmless each Initial Purchaser, its directors, officers and employees, each person, if any, who controls any Initial Purchaser within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act, and each affiliate of any Initial Purchaser within the meaning of Rule 405 under the Securities Act, from and against any and all losses, claims, damages and liabilities, joint or several, to which such Initial Purchaser, director, officer, employee, controlling person or affiliate may become subject under such Securities Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in the Preliminary Memorandum, the Time of Sale Memorandum or any amendment or supplement thereto, any Additional Written Offering Communication identified in Schedule II hereto, the Final Memorandum or any amendment or supplement thereto or the electronic road-show related to the Notes, or arise out of or are based upon the omission or alleged omission to state therein a material fact necessary in order to make the statements therein in the light of the circumstances under which they were made not misleading, and will reimburse each Initial Purchaser, director, officer, employee, controlling person or affiliate for any legal or other expenses reasonably incurred by such Initial Purchaser, director, officer, employee or controlling person in connection with investigating or defending any such loss, damage, liability, action or claim as such expenses are incurred; *provided, however*, that the Company and the Guarantor shall not be liable in any such case to the extent that any such loss, harm, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in any Memorandum or Additional Written Offering Communication identified in Schedule II hereto or any amendment or supplement thereto in reliance upon and in conformity with the Selling Noteholder Information or information relating to any Initial Purchaser furnished to the Company and the Guarantor in writing by such Initial Purchaser through the Representatives expressly for use therein, and *provided further*, that the foregoing indemnity agreement shall not inure to the benefit of any Initial Purchaser from whom the person asserting any such loss, liability, claim, damage or expense purchased Securities, or any person controlling such Initial Purchaser, if the Company provides a copy of an amendment or supplement to a Memorandum or Additional Written Offering Communication as theretofore provided to such Initial Purchaser by the Company (with notice that such amendment or supplement contains additional or different material information from that previously provided) sufficiently far enough in advance of the time of sale in order to enable such Initial Purchaser to convey such amendment or supplement to the purchaser of the Securities, and such amendment or supplement (x) was not conveyed by or on behalf of such Initial Purchaser to such person at or prior to the entry into the contract of sale of the Securities by such person, and (y) would have cured the defect giving rise to such loss, liability, claim, damage or expense.

(b) The Selling Noteholder will indemnify and hold harmless each Initial Purchaser, its directors, officers and employees, each person, if any, who controls any Initial Purchaser within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act and each affiliate of any Initial Purchaser within the meaning of Rule 405 under the Securities Act to the same extent as the foregoing indemnity from the Company and the

Guarantor to each Initial Purchaser, but only with reference to the Selling Noteholder Information.

(c) Each Initial Purchaser will, severally and not jointly, indemnify and hold harmless the Company, the Guarantor, the Selling Noteholder and their respective directors, officers and employees and each person, if any, who controls the Company, the Guarantor or the Selling Noteholder within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act against any losses, claims, damages or liabilities to which the Company, the Guarantor, the Selling Noteholder or any of their respective directors, officers, employees or controlling persons may become subject, under the Securities Act or otherwise, insofar as such losses, claims, damages or liability (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in any Preliminary Memorandum, the Time of Sale memorandum, any Additional Written Offering Communication identified in Schedule II hereto or the Final Memorandum, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact necessary in order to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement, or omission or alleged omission was made in any Preliminary Memorandum, the Time of Sale Memorandum, any Additional Written Offering Communication identified in Schedule II hereto or the Final Memorandum, or any such amendment or supplement, in reliance upon and conformity with written information furnished to the Company and the Guarantor by such Initial Purchaser through the Representatives expressly for use therein; and each Initial Purchaser will reimburse the Company, the Guarantors and the Selling Noteholder, or any director, officer, employee or controlling person of the Company, the Guarantor or the Selling Noteholder for any legal or other expenses reasonably incurred by the Company, the Guarantor or the Selling Noteholder or any such director, officer, employee or controlling person in connection with investigating, or defending any such loss, damage, liability, action or claim as such expenses are incurred, but only with reference to information relating to such Initial Purchaser furnished to the Company in writing by such Initial Purchaser through you expressly for use in the Preliminary Memorandum, the Time of Sale Memorandum, any Additional Written Offering Communication identified in Schedule II hereto or the Final Memorandum or any amendment or supplement thereto.

(d) Each of the Company and the Guarantor agree, jointly and severally, to indemnify and hold harmless the Selling Noteholder, its directors, officers and employees and each person, if any, who controls the Selling Noteholder within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act to the same extent as the foregoing indemnity from the Company and Guarantor to each Initial Purchaser.

(e) The Selling Noteholder agrees to indemnify and hold harmless the Company and the Guarantor and their respective directors, officers and employees and each person, if any, who controls the Company or the Guarantor within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act to the same extent as the foregoing indemnity from the Selling Noteholder to each Initial Purchaser.

(f) Promptly after receipt by an indemnified party under Sections 11(a) through 11(e) above of notice of the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party under such subsection,



notify the indemnifying party in writing of the commencement thereof; but the omission so to notify the indemnifying party shall not relieve it from any liability which it may have to any indemnified party except to the extent such omission materially prejudices the indemnifying party. In case any such action shall be brought against any indemnified party, the indemnifying party shall be entitled to participate therein and, to the extent that it shall wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel reasonably satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party), and, after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party shall not be liable to such indemnified party under such subsection for any legal expenses of other counsel or any other expenses, in each case subsequently incurred by such indemnified party, in connection with the defense thereof other than reasonable costs of investigation.

(g) To the extent the indemnification provided for in Sections 11(a) through 11(e) is unavailable to an indemnified party or insufficient in respect of any losses, claims, damages or liabilities referred to therein (or actions in respect thereof), then each indemnifying party under such paragraph, in lieu of indemnifying such indemnified party thereunder, shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (i) in such proportion as is appropriate to reflect the relative benefits received by the Company, the Guarantor and the Selling Noteholder on the one hand and the Initial Purchasers on the other hand from the offering of the Securities (provided that in the case of clause (i), the amount to be contributed by the Company and the Guarantor on the one hand and the Selling Noteholder on the other shall be determined in accordance with clause (iii) below) or (ii) if the allocation provided by clause 11(g)(i) above is not permitted by applicable law or if the indemnified party failed to give notice required under Section 11(f) above, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company and the Guarantor in one regard, of the Selling Noteholder in the second regard and of the Initial Purchasers in the third regard in connection with the statements or omissions that resulted in such losses, claims, damages or liabilities (or actions in respect thereof), as well as any other relevant equitable considerations and (iii) as between the Company and the Guarantors on the one hand and the Selling Noteholder on the other in such proportion as is appropriate to reflect the relative fault of the Company and the Guarantor on the one hand and the Selling Noteholder on the other in connection with the statements or omissions that resulted in such losses, claims, damages or liabilities (or actions in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by the Company, the Guarantor and the Selling Noteholder on the one hand and the Initial Purchasers on the other hand in connection with the offering of the Securities shall be deemed to be in the same respective proportions as the net proceeds from the offering of the Securities (before deducting expenses) received by the Company and the Selling Noteholder and the total discounts and commissions received by the Initial Purchasers bear to the aggregate offering price of the Securities. The relative fault of the Company and the Guarantor in one regard, of the Selling Noteholder in the second regard and of the Initial Purchasers in the third regard shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company, the Guarantor, the Selling Noteholder or by the Initial Purchasers and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Initial Purchasers' respective

obligations to contribute pursuant to this Section 11 are several in proportion to the respective principal amount of Securities they have purchased hereunder, and not joint.

(h) The Company, the Guarantor, the Selling Noteholder and the Initial Purchasers agree that it would not be just or equitable if contribution pursuant to this Section 11 were determined by *pro rata* allocation (even if the Initial Purchasers were treated as one entity for such purpose) or by any other method of allocation that does not take account of the equitable considerations referred to in Section 11(g). The amount paid or payable by an indemnified party as a result of the losses, claims, damages and liabilities referred to in Section 11(g) shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 11, no Initial Purchaser shall be required to contribute any amount in excess of the amount by which the total price at which the Securities resold by it in the initial placement of such Securities were offered to investors exceeds the amount of any damages that such Initial Purchaser has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The remedies provided for in this Section 11 are not exclusive and shall not limit any rights or remedies which may otherwise be available to any indemnified party at law or in equity.

(i) The indemnity and contribution provisions contained in this Section 11 and the representations, warranties and other statements of the Company, the Guarantor and the Selling Noteholder contained in this Agreement shall remain operative and in full force and effect regardless of (i) any termination of this Agreement, (ii) any investigation made by or on behalf of any Initial Purchaser, any person controlling any Initial Purchaser or any affiliate of any Initial Purchaser or by or on behalf of the Company, the Guarantor, their officers or directors or any person controlling the Company or the Guarantor and (iii) acceptance of and payment for any of the Securities.

12. **Termination.** The Initial Purchasers may terminate this Agreement by notice given by Representatives to the Company, if after the execution and delivery of this Agreement and prior to the Closing Date there shall have occurred (i) a suspension of trading of the Guarantor's common shares by the Commission, the New York Stock Exchange or the Chicago Stock Exchange; (ii) a suspension or material limitation in trading in securities generally on the New York Stock Exchange; (iii) a general moratorium on commercial banking activities in New York declared by either Federal or New York State authorities; (iv) a material disruption in commercial banking or securities settlement, payment or clearance services in the United States; or (v) the outbreak or escalation of hostilities or the occurrence of any other calamity or crisis or any material adverse change in financial markets, if the effect of any such event specified in this clause (v) makes it, in the Representatives judgment, impracticable or inadvisable to proceed with the offer, sale or delivery of the Securities on the terms and in the manner contemplated in the Time of Sale Memorandum or the Final Memorandum.

13. **Effectiveness; Defaulting Initial Purchasers.** This Agreement shall become effective upon the execution and delivery hereof by the parties hereto.

If, on the Closing Date, any one or more of the Initial Purchasers shall fail or refuse to purchase the portion of a Series that it or they have agreed to purchase hereunder on such date, and the aggregate principal amount of such Series which such defaulting Initial Purchaser or Initial Purchasers agreed but failed or refused to purchase is not more than one-tenth of the aggregate principal amount of such Series to be purchased on such date, the other Initial Purchasers that have agreed to purchase hereunder a portion of such Series shall be obligated severally in the proportions that the principal amount of such Series set forth opposite their respective names in Schedule I bears to the aggregate principal amount of such Series set forth opposite the names of all such non-defaulting Initial Purchasers, or in such other proportions as Representatives may specify, to purchase the portion of such Series which such defaulting Initial Purchaser or Initial Purchasers agreed but failed or refused to purchase on such date; *provided* that in no event shall the principal amount of such Series that any Initial Purchaser has agreed to purchase pursuant to this Agreement be increased pursuant to this Section 13 by an amount in excess of one-ninth of such principal amount of such Series without the written consent of such Initial Purchaser. If, on the Closing Date any Initial Purchaser or Initial Purchasers shall fail or refuse to purchase the portion of a Series which it or they have agreed to purchase hereunder on such date and the aggregate principal amount of such Series with respect to which such default occurs is more than one-tenth of the aggregate principal amount of such Series to be purchased on such date, and arrangements satisfactory to Representatives, the Company or the Selling Noteholder, as applicable, for the purchase of such Series are not made within 36 hours after such default, this Agreement shall terminate with respect to only such Series without liability on the part of any non-defaulting Initial Purchaser and the Company or the Selling Noteholder, as applicable. In any such case, Representatives and the Company or the Selling Noteholder, as applicable, shall have the right to postpone the Closing Date with respect to only such Series, but in no event for longer than seven days, in order that the required changes, if any, in the Time of Sale Memorandum, the Final Memorandum or in any other documents or arrangements may be effected. Any action taken under this paragraph shall not relieve any defaulting Initial Purchaser from liability in respect of any default of such Initial Purchaser under this Agreement.

If this Agreement shall be terminated by the Initial Purchasers, or any of them, because of any failure or refusal on the part of the Company or the Guarantor to comply with the terms or to fulfill any of the conditions of this Agreement, if for any reason the Company or the Guarantor shall be unable to perform its obligations under this Agreement, or the Selling Noteholder fails to tender the 2022 Notes for eventual delivery to the Initial Purchaser due to a failure by Abbott to consummate the Debt for Debt Exchange, the Company will reimburse the Initial Purchasers or such Initial Purchasers as have so terminated this Agreement with respect to themselves, severally, for all out-of-pocket expenses (including the fees and disbursements of their counsel) reasonably incurred by such Initial Purchasers in connection with this Agreement or the offering contemplated hereunder but the Company shall then be under no further liability to any Initial Purchaser with respect to this Agreement except as provided in Section 8(g) and Section 11 hereof.

14. **Entire Agreement.** This Agreement, together with any contemporaneous written agreements and any prior written agreements (to the extent not superseded by this Agreement) that relate to the offering of the Securities, represents the entire agreement between the Company, the Guarantor, the Selling Noteholder and the Initial Purchasers with respect to the

preparation of the Preliminary Memorandum, the Time of Sale Memorandum, the Final Memorandum, the conduct of the offering, and the purchase and sale of the Securities.

15. **Counterparts.** This Agreement may be executed in two or more counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument, and shall become effective when one or more counterparts have been signed by each of the parties and delivered (by telecopy, electronic delivery or otherwise) to the other parties. Signatures to this Agreement transmitted by facsimile transmission, by electronic mail in “portable document format” (“pdf”) form, or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, will have the same effect as physical delivery of the paper document bearing the original signature.

16. **Applicable Law.** This Agreement shall be governed by and construed in accordance with the internal laws of the State of New York.

17. **Headings.** The headings of the sections of this Agreement have been inserted for convenience of reference only and shall not be deemed a part of this Agreement.

18. **Notices.** All communications hereunder shall be in writing and effective only upon receipt and if to the Initial Purchasers shall be delivered, mailed or sent to the Representatives in care of Morgan Stanley & Co. LLC, 1585 Broadway, New York, New York 10036, Attention: Liability Management Group, with a copy to the Legal Department; Barclays Capital Inc., 745 7th Avenue, New York, New York 10019, Attention: Syndicate Registration, J.P. Morgan Securities LLC, 383 Madison Ave., 3rd Floor, New York, New York 10179, Attention: High Grade Syndicate Desk; Merrill Lynch, Pierce, Fenner & Smith Incorporated, 50 Rockefeller Plaza, NY1-050-12-01, New York, NY 10020 Attention: Debt Capital Markets Transaction Management/Legal; and if to the Company or the Guarantor shall be delivered, mailed or sent to 100 Abbott Park Road, Abbott Park, Illinois 60064-6400, Attention: Treasurer.

**[Signature page(s) follow]**

Very truly yours,

ABBVIE INC.

By: /s/ Valentine Yien  
Name: Valentine Yien  
Title: Treasurer and Vice President

ABBOTT LABORATORIES, as Guarantor

By: /s/ Valentine Yien  
Name: Valentine Yien  
Title: Treasurer and Vice President

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Morgan Stanley & Co. LLC, as Selling Noteholder

By: /s/ Yuriy Slyz

Name: Yuriy Slyz

Title: Executive Director

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Accepted as of the date hereof

Morgan Stanley & Co. LLC  
Barclays Capital Inc.  
J.P. Morgan Securities LLC  
Merrill Lynch, Pierce, Fenner & Smith  
Incorporated

Acting severally on behalf of themselves and the several  
Initial Purchasers named in Scheduled I hereto.

MORGAN STANLEY & CO. LLC

By: /s/ Yurij Slyz  
Name: Yurij Slyz  
Title: Executive Director

BARCLAYS CAPITAL INC.

By: /s/ Pamela Au  
Name: Pamela Au  
Title: Authorized Signatory

J.P. MORGAN SECURITIES LLC

By: /s/ Maria Sramek  
Name: Maria Sramek  
Title: Executive Director

MERRILL LYNCH, PIERCE, FENNER & SMITH  
INCORPORATED

By: /s/ Doug Muller  
Name: Doug Muller  
Title: Authorized Signatory

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**SCHEDULE I**

<b>Initial Purchaser</b>	<b>Principal Amount of Fixed 2015 Notes to be Purchased</b>
Morgan Stanley & Co. LLC	\$ 559,860,000
Barclays Capital Inc.	\$ 559,860,000
J.P. Morgan Securities LLC	\$ 559,860,000
Merrill Lynch, Pierce, Fenner & Smith Incorporated	\$ 559,860,000
BNP Paribas Securities Corp.	\$ 177,940,000
Deutsche Bank Securities Inc.	\$ 177,940,000
SG Americas Securities, LLC	\$ 177,940,000
RBS Securities Inc.	\$ 177,940,000
Mitsubishi UFJ Securities (USA), Inc.	\$ 119,000,000
HSBC Securities (USA) Inc.	\$ 91,350,000
Standard Chartered Bank	\$ 91,350,000
Santander Investment Securities Inc.	\$ 35,000,000
Goldman, Sachs & Co.	\$ 35,000,000
UBS Securities LLC	\$ 35,000,000
The Williams Capital Group, L.P.	\$ 17,000,000
Loop Capital Markets LLC	\$ 11,700,000
ING Financial Markets LLC	\$ 21,350,000
Svenska Handelsbanken AB (publ)	\$ 21,350,000
Mizuho Securities USA Inc.	\$ 21,350,000
RBC Capital Markets, LLC	\$ 21,350,000
U.S. Bancorp Investments, Inc.	\$ 14,000,000
Banca IMI S.p.A.	\$ 14,000,000
<b>Total</b>	<b>\$ 3,500,000,000</b>

<b>Initial Purchaser</b>	<b>Principal Amount of 2017 Notes to be Purchased</b>
Morgan Stanley & Co. LLC	\$ 639,840,000
Barclays Capital Inc.	\$ 639,840,000
J.P. Morgan Securities LLC	\$ 639,840,000
Merrill Lynch, Pierce, Fenner & Smith Incorporated	\$ 639,840,000
BNP Paribas Securities Corp.	\$ 203,360,000
Deutsche Bank Securities Inc.	\$ 203,360,000
SG Americas Securities, LLC	\$ 203,360,000
RBS Securities Inc.	\$ 203,360,000
Mitsubishi UFJ Securities (USA), Inc.	\$ 136,000,000
HSBC Securities (USA) Inc.	\$ 104,400,000
Standard Chartered Bank	\$ 104,400,000
Santander Investment Securities Inc.	\$ 40,000,000
Goldman, Sachs & Co.	\$ 40,000,000
UBS Securities LLC	\$ 40,000,000
The Williams Capital Group, L.P.	\$ 19,500,000
Loop Capital Markets LLC	\$ 13,300,000
ING Financial Markets LLC	\$ 24,400,000
Svenska Handelsbanken AB (publ)	\$ 24,400,000
Mizuho Securities USA Inc.	\$ 24,400,000
RBC Capital Markets, LLC	\$ 24,400,000
U.S. Bancorp Investments, Inc.	\$ 16,000,000
Banca IMI S.p.A.	\$ 16,000,000
<b>Total</b>	<b>\$ 4,000,000,000</b>



<u>Initial Purchaser</u>	<u>Principal Amount of 2018 Notes to be Purchased</u>
Morgan Stanley & Co. LLC	\$ 159,960,000
Barclays Capital Inc.	\$ 159,960,000
J.P. Morgan Securities LLC	\$ 159,960,000
Merrill Lynch, Pierce, Fenner & Smith Incorporated	\$ 159,960,000
BNP Paribas Securities Corp.	\$ 50,840,000
Deutsche Bank Securities Inc.	\$ 50,840,000
SG Americas Securities, LLC	\$ 50,840,000
RBS Securities Inc.	\$ 50,840,000
Mitsubishi UFJ Securities (USA), Inc.	\$ 34,000,000
HSBC Securities (USA) Inc.	\$ 26,100,000
Standard Chartered Bank	\$ 26,100,000
Santander Investment Securities Inc.	\$ 10,000,000
Goldman, Sachs & Co.	\$ 10,000,000
UBS Securities LLC	\$ 10,000,000
The Williams Capital Group, L.P.	\$ 4,900,000
Loop Capital Markets LLC	\$ 3,300,000
ING Financial Markets LLC	\$ 6,100,000
Svenska Handelsbanken AB (publ)	\$ 6,100,000
Mizuho Securities USA Inc.	\$ 6,100,000
RBC Capital Markets, LLC	\$ 6,100,000
U.S. Bancorp Investments, Inc.	\$ 4,000,000
Banca IMI S.p.A.	\$ 4,000,000
<b>Total</b>	<b><u>\$ 1,000,000,000</u></b>

<u>Initial Purchaser</u>	<u>Principal Amount of 2022 Notes to be Purchased</u>
Morgan Stanley & Co. LLC	\$ 3,100,000,000 <sup>(1)</sup>
Total	<u>\$ 3,100,000,000</u>

<u>Initial Purchaser</u>	<u>Principal Amount of 2042 Notes to be Purchased</u>
Morgan Stanley & Co. LLC	\$ 415,896,000
Barclays Capital Inc.	\$ 415,896,000
J.P. Morgan Securities LLC	\$ 415,896,000
Merrill Lynch, Pierce, Fenner & Smith Incorporated	\$ 415,896,000
BNP Paribas Securities Corp.	\$ 132,184,000
Deutsche Bank Securities Inc.	\$ 132,184,000
SG Americas Securities, LLC	\$ 132,184,000
RBS Securities Inc.	\$ 132,184,000
Mitsubishi UFJ Securities (USA), Inc.	\$ 88,400,000
HSBC Securities (USA) Inc.	\$ 67,860,000
Standard Chartered Bank	\$ 67,860,000
Santander Investment Securities Inc.	\$ 26,000,000
Goldman, Sachs & Co.	\$ 26,000,000
UBS Securities LLC	\$ 26,000,000
The Williams Capital Group, L.P.	\$ 12,600,000
Loop Capital Markets LLC	\$ 8,720,000
ING Financial Markets LLC	\$ 15,860,000
Svenska Handelsbanken AB (publ)	\$ 15,860,000
Mizuho Securities USA Inc.	\$ 15,860,000
RBC Capital Markets, LLC	\$ 15,860,000
U.S. Bancorp Investments, Inc.	\$ 10,400,000
Banca IMI S.p.A.	\$ 10,400,000
Total	<u>\$ 2,600,000,000</u>

(1) Morgan Stanley & Co. LLC will acquire substantially all of the 2022 Notes in the Debt for Debt Exchange. A small portion of the 2022 Notes are being acquired directly from the Company.

<u>Initial Purchaser</u>	<u>Principal Amount of Floating 2015 Notes to be Purchased</u>
Morgan Stanley & Co. LLC	\$ 79,980,000
Barclays Capital Inc.	\$ 79,980,000
J.P. Morgan Securities LLC	\$ 79,980,000
Merrill Lynch, Pierce, Fenner & Smith Incorporated	\$ 79,980,000
BNP Paribas Securities Corp.	\$ 25,420,000
Deutsche Bank Securities Inc.	\$ 25,420,000
SG Americas Securities, LLC	\$ 25,420,000
RBS Securities Inc.	\$ 25,420,000
Mitsubishi UFJ Securities (USA), Inc.	\$ 17,000,000
HSBC Securities (USA) Inc.	\$ 13,050,000
Standard Chartered Bank	\$ 13,050,000
Santander Investment Securities Inc.	\$ 5,000,000
Goldman, Sachs & Co.	\$ 5,000,000
UBS Securities LLC	\$ 5,000,000
The Williams Capital Group, L.P.	\$ 2,400,000
Loop Capital Markets LLC	\$ 1,700,000
ING Financial Markets LLC	\$ 3,050,000
Svenska Handelsbanken AB (publ)	\$ 3,050,000
Mizuho Securities USA Inc.	\$ 3,050,000
RBC Capital Markets, LLC	\$ 3,050,000
U.S. Bancorp Investments, Inc.	\$ 2,000,000
Banca IMI S.p.A.	\$ 2,000,000
<b>Total</b>	<b>\$ 500,000,000</b>

**Time of Sale Memorandum**

1. Preliminary Memorandum issued November 5, 2012.
  2. Pricing term sheet issued November 5, 2012.
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**SCHEDULE III**

Fixed 2015 Notes

Net Proceeds to the Company from Fixed 2015 Notes (before expenses): \$3,488,905,000

Initial Purchaser Purchase Price of Fixed 2015 Notes: 99.683%

2017 Notes

Net Proceeds to the Company from 2017 Notes (before expenses): \$3,977,640,000

Initial Purchaser Purchase Price of 2017 Notes: 99.441%

2018 Notes

Net Proceeds to the Company from 2018 Notes (before expenses): \$990,980,000

Initial Purchaser Purchase Price of 2018 Notes: 99.098%

2022 Notes

Net Proceeds to the Company from 2022 Notes (before expenses): \$61,830,097(2)

2042 Notes

Net Proceeds to the Company from 2042 Notes (before expenses): \$2,550,314,000

Initial Purchaser Purchase Price of 2042 Notes: 98.089%

Floating 2015 Notes

Net Proceeds to the Company from Floating 2015 Notes (before expenses): \$498,750,000

Initial Purchaser Purchase Price of Floating 2015 Notes: 99.750%

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(2) Represents the proceeds to the Company for the portion of the 2022 Notes being sold directly to the Initial Purchaser. Morgan Stanley & Co. LLC will retain all of the proceeds from the sale of the 2022 Notes obtained by it in the Debt for Debt Exchange.

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November 8, 2012

Morgan Stanley & Co. LLC  
1585 Broadway  
New York, New York 10036

Barclays Capital Inc.  
745 7th Avenue  
New York, New York 10019

J.P. Morgan Securities LLC  
383 Madison Ave., 3rd Floor  
New York, New York 10179

Merrill Lynch, Pierce, Fenner & Smith Incorporated  
One Bryant Park  
New York, New York 10036

(as representatives to the several Initial Purchasers named in Schedule I to the Purchase Agreement referred to below)

Ladies and Gentlemen:

I am the Divisional Vice President, Associate General Counsel and Assistant Secretary of Abbott Laboratories (the "Guarantor"), an Illinois corporation. In such capacity, I have advised AbbVie Inc. (the "Company"), a Delaware corporation and wholly owned subsidiary of Abbott Laboratories, in connection with the sale of \$3,500,000,000 principal amount of its 1.200% senior notes due 2015 (the "Fixed 2015 Notes"), \$4,000,000,000 principal amount of its 1.750% senior notes due 2017 (the "2017 Notes"), \$1,000,000,000 principal amount of its 2.000% senior notes due 2018 (the "2018 Notes"), \$2,600,000,000 principal amount of its 4.400% senior notes due 2042 (the "2042 Notes") and \$500,000,000 principal amount of its floating rate senior notes due 2015 (the "Floating 2015 Notes") and the sale by Morgan Stanley & Co. LLC (the "Selling Noteholder"), \$3,100,000,000 principal amount of the Company's 2.900% senior notes due 2022 (the "2022 Notes") and, together with the Fixed 2015 Notes, the 2017 Notes, the 2018 Notes, the 2042 Notes and the Floating 2015 Notes, the "Notes"), pursuant to the Purchase Agreement, dated as of November 5, 2012, by and among the Company, the Guarantor, the Selling Noteholder, and the Initial Purchasers (the "Purchase Agreement"). This opinion letter is rendered to you at the request of the Company pursuant to Section 7(b) of the Purchase Agreement. All capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Purchase Agreement.

I, or members of my staff, have examined or are otherwise familiar with (i) the Restated Articles of Incorporation of the Company, as amended to date; (ii) the By-Laws of the Company, as amended to date; (iii) the Time of Sale Memorandum, as amended to date, and the Final Memorandum; (iv) the unanimous written consent of the Company's sole director dated as of October [●], 2012, relating to the issuance of the Notes and certain related matters; (v) a copy of the Indenture; (vi) an executed copy of the Registration Rights Agreement; (vii) an executed copy of the Guarantee; (viii) specimens of the Notes; and (ix) such other records, certificates and other documents as I have deemed necessary or appropriate for the purposes of rendering the opinions contained herein.

In rendering my opinions below, I have relied as to matters of fact that I did not independently establish or verify, to the extent I deem proper, on certificates of responsible officers of the Company and upon certificates from public officials, and I have assumed, to the extent I deem proper, the legal capacity of all natural persons, the genuineness of all signatures, the authenticity of all documents submitted to me as originals and the conformity to original documents of all documents submitted to me as copies and that any representations made "to our knowledge," in the "belief" of, or similarly qualified in any such documents are true, correct and complete without such qualification. Wherever a statement is qualified by my "knowledge," it is intended to indicate that I do not have actual knowledge of the inaccuracy of such statement.

On the basis of the foregoing and in reliance thereon, and subject to the limitations, qualifications and exceptions set forth below, I am of the opinion that:

- (i) The Company is validly existing as a corporation in good standing under the laws of the State of Delaware, with corporate power and authority to own its properties and conduct its business as described in the Time of Sale Memorandum as amended or supplemented, and is duly qualified to transact business and is in good standing in each jurisdiction in which the conduct of its business or the ownership or leasing of property requires such qualification, except where the failure to be so qualified or in good standing would not in the aggregate have a material adverse effect upon the Company and its subsidiaries, taken as a whole;
- (ii) Each of the "Significant Subsidiaries" (as such term is defined in Rule 1-02(w) of Regulation S-X promulgated under the Securities Act) of the Company has been duly organized and is validly existing as a corporation in good standing under the laws of the jurisdiction of its organization and is duly qualified to transact business and is in good standing in each jurisdiction in which the conduct of its business or the ownership or leasing of its property requires such qualification, except where failure to be so qualified or in good standing would not, in the aggregate, have a material adverse effect upon the Company and its subsidiaries, taken as a whole;
- (iii) To my knowledge and other than as set forth in the Time of Sale Memorandum, there are no legal or governmental proceedings pending to which the Company or any of its subsidiaries is a party or of which any property of the Company or any of its subsidiaries is the subject that, individually or in the aggregate, would reasonably be expected to have a material adverse effect on the consolidated

- financial position of the Company and its subsidiaries, taken as a whole, and to my knowledge, no such proceedings are threatened or contemplated by governmental authorities or threatened by others;
- (iv) The Purchase Agreement has been duly authorized, executed and delivered by the Company;
  - (v) The Registration Rights Agreement has been duly authorized, executed and delivered by the Company;
  - (vi) The Notes have been duly authorized, executed, authenticated, issued and delivered by the Company;
  - (vii) The Indenture has been duly authorized, executed and delivered by the Company; and
  - (viii) The issue and sale of the Notes and the compliance by the Company with all of the provisions of the Notes, the Indenture, the Registration Rights Agreement, the Purchase Agreement and the Exchange Agreement by and among the Guarantor and the Selling Stockholder, dated as of November 5, 2012 (together, the “Transaction Documents”), and the consummation of the transactions therein contemplated will not (A) result in any violation of the provisions of the articles of incorporation or the by-laws, each as amended, of the Company, nor, to my knowledge, either (B) conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, or result in the creation or imposition of any lien, charge or encumbrance upon any of the property or assets of the Company or any of its subsidiaries pursuant to the terms of, any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Company or any of its subsidiaries is a party or by which the Company or any of its subsidiaries is bound or to which any of the property or assets of the Company or any of its subsidiaries is subject, or (C) result in any violation of any applicable law, statute or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Company or any of its subsidiaries or any of their respective properties, in any such case described in clause (B) or (C) the effects of which would, individually or in the aggregate, be materially adverse to the Company and its subsidiaries taken as a whole; and to my knowledge, no consent, approval, authorization, order, registration or qualification of or with any such court or governmental agency or body is required for the issue and sale by the Company of the Notes or the consummation by the Company of the transactions contemplated by the Transaction Documents, except such as have been obtained and such consents, approvals, authorizations, orders, registrations or qualifications as may be required under state securities or Blue Sky laws in connection with the purchase and distribution of the Notes by the Selling Noteholder and the Initial Purchasers and by federal and state securities laws with respect to the Company’s obligations under the Registration Rights Agreement.



In addition, I, or members of my staff, have participated in conferences with other officers and representatives of the Company and the Guarantor, representatives of special counsel and the independent registered public accountants for the Company, the Guarantor, the Selling Noteholder and the Initial Purchasers and their representatives at which the contents of the Preliminary Memorandum, the Time of Sale Memorandum and the Final Memorandum and related matters were discussed. However, except as specifically noted above, I do not pass upon and assume no responsibility for the accuracy, completeness or fairness of the statements contained in the Preliminary Memorandum, the Time of Sale Memorandum or the Final Memorandum, nor do I make any representation that I have independently verified or checked the accuracy, completeness or fairness of such statements. Notwithstanding the foregoing, no facts have come to my attention that would lead me to believe that (except for financial statements and schedules and other financial and statistical data as to which I express no belief) (i) the Time of Sale Memorandum as of the date of the Purchase Agreement or as amended or supplemented, if applicable, as of the date hereof, contained or contains any untrue statement of a material fact or omitted or omits to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading or (ii) the Final Memorandum when issued contained, or as of the date hereof contains, any untrue statement of a material fact or omitted or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

The opinions expressed herein are subject to the following qualifications and comments:

1. Enforcement of the Transaction Documents is subject to the effects of bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other laws of general applicability relating to or affecting creditors' rights, the application of general principles of equity (including, without limitation, concepts of materiality, reasonableness, good faith and fair dealing, regardless of whether enforcement is considered in proceedings at law or in equity) and applicable law and public policy with respect to rights of indemnification and contribution.
2. I have assumed that (i) each signatory to the Transaction Documents (other than the Company) is duly organized, validly existing and in good standing under the jurisdiction of its organization and has all the necessary power and authority under applicable federal, state, local and foreign law to enter into the relevant agreement and perform its respective obligations thereunder, (ii) the Transaction Documents have been duly authorized, executed and delivered by each signatory thereto and are enforceable against such other party (other than the Company) in accordance with its terms, (iii) the execution, delivery and performance by each party (other than the Company) of its obligations under the Transaction Documents (A) will comply with applicable laws and with any requirement or restriction imposed by any consent, authorization, approval, exemption or validation of, order, writ, judgment, injunction, decree, determination or award of any court or governmental body having jurisdiction over it or any of its assets and will not result in a default under or breach of any agreement or instrument then binding upon it and (B) will not

violate, conflict with or result in a breach of, or require any consent under, the charter, bylaws, limited liability company agreement, partnership agreement or equivalent organizational documents of any such party and (iv) all of the representations and warranties contained in the Transaction Documents are accurate, true and correct and that all covenants contained in the Transaction Documents have been complied with (except to the extent they contain legal conclusions that are otherwise the subject of the opinions expressed herein).

3. The provisions of the Transaction Documents that permit any party thereto to take action or make determinations, or to benefit from indemnities and similar undertakings of any part to the Transaction Documents, may be subject to the requirement that such action be taken or such determinations be made, and any action or inaction by such party that may give rise to a request for payment under such an undertaking be taken or not taken, on a reasonable basis and in good faith.
4. I express no opinion as to the effect of non-compliance by any party to the Transaction Documents with any Federal, state or foreign laws or regulations applicable to transactions because of the nature of its business.
5. I express no opinion with respect to (1) broadly or vaguely stated waivers or waivers of rights granted by law where such waivers are against public policy or prohibited by law, (2) the enforceability of confession of judgment provisions and (3) the enforceability of provisions imposing penalties, liquidated damages or other economic remedies.

I am admitted to practice law in the State of Illinois and my opinions expressed herein are limited solely to the federal laws of the United States of America, the General Corporation Law of the State of Delaware and the laws of the State of Illinois, in each case as in effect on the date hereof. I express no opinion herein concerning the laws of any other jurisdiction. The Transaction Documents are governed by the laws of the State of New York, and therefore I assume for purposes of the opinions that the laws of the State of Illinois and the laws of the State of New York are the same in all applicable respects.

This opinion letter is rendered only to you and is solely for your benefit in connection with the Purchase Agreement. This opinion letter may not be relied upon by you for any other purpose, or relied upon by any other person, entity, firm or corporation for any purpose without my prior written consent. This opinion may not be used, circulated, quoted or otherwise referred to for any purpose without my specific prior written approval. The opinions contained herein are limited to the matters expressly stated herein, and no opinion may be inferred or may be implied beyond the matters expressly stated herein. The opinions contained herein are rendered as of the date hereof only, and I assume no obligation to supplement this opinion letter if any applicable law changes after the date hereof or if I become aware of any fact that might change the opinions expressed herein after the date hereof.

Very Truly Yours,

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John A. Berry  
Divisional Vice President, Associate  
General Counsel and  
Assistant Secretary

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Morgan Stanley & Co. LLC  
1585 Broadway  
New York, New York 10036

Barclays Capital Inc.  
745 7th Avenue  
New York, New York 10019

J.P. Morgan Securities LLC  
383 Madison Ave., 3rd Floor  
New York, New York 10179

Merrill Lynch, Pierce, Fenner & Smith Incorporated  
One Bryant Park  
New York, New York 10036

(as representatives to the several Initial Purchasers named in Schedule I to the Purchase Agreement referred to below)

November 8, 2012

Ladies and Gentlemen:

I am the Divisional Vice President, Associate General Counsel and Assistant Secretary of Abbott Laboratories, an Illinois corporation (the "Company"). In such capacity, I have advised the Company in connection with the sale by AbbVie, Inc. (the "Issuer") of \$3,500,000,000 principal amount of its 1.200% senior notes due 2015 (the "Fixed 2015 Notes"), \$4,000,000,000 principal amount of its 1.750% senior notes due 2017 (the "2017 Notes"), \$1,000,000,000 principal amount of its 2.000% senior notes due 2018 (the "2018 Notes"), \$2,600,000,000 principal amount of its 4.400% senior notes due 2042 (the "2042 Notes") and \$500,000,000 principal amount of its floating rate senior notes due 2015 (the "Floating 2015 Notes") and the sale by Morgan Stanley & Co. LLC (the "Selling Noteholder"), \$3,100,000,000 principal amount of the Company's 2.900% senior notes due 2022 (the "2022 Notes" and, together with the Fixed 2015 Notes, the 2017 Notes, the 2018 Notes, the 2042 Notes and the Floating 2015 Notes, the "Notes"), pursuant to the Purchase Agreement, dated as of November 5, 2012, by and among the Issuer, the Company, as Guarantor, the Selling Noteholder, and the Initial Purchasers (the "Purchase Agreement"). This opinion letter is rendered to you at the request of the Company pursuant to Section 7(c) of the Purchase Agreement. All capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Purchase Agreement.

I, or members of my staff, have examined or are otherwise familiar with (i) the restated articles of incorporation of the Company, as amended to date; (ii) the By-Laws of the Company, as amended to date; (iii) the Time of Sale Memorandum, as amended to date, and the Final Memorandum; (iv) the resolutions of the board of directors of the Company adopted on September [●], 2012, relating to the issuance of the Guarantees and certain related matters; (v) a copy of the Indenture; (vi) an executed copy of the Registration Rights Agreement; (vii) an executed copy of the Guarantee; (viii) specimens of the Notes; and (ix) such other records, certificates and other documents as I have deemed necessary or appropriate for the purposes of rendering the opinions contained herein.

In rendering my opinions below, I have relied as to matters of fact that I did not independently establish or verify, to the extent I deem proper, on certificates of responsible officers of the Company and upon certificates from public officials, and I have assumed, to the extent I deem proper, the legal capacity of all natural persons, the genuineness of all signatures, the authenticity of all documents submitted to me as originals and the conformity to original documents of all documents submitted to me as copies and that any representations made “to our knowledge,” in the “belief” of, or similarly qualified in any such documents are true, correct and complete without such qualification. Wherever a statement is qualified by my “knowledge,” it is intended to indicate that I do not have actual knowledge of the inaccuracy of such statement.

On the basis of the foregoing and in reliance thereon, and subject to the limitations, qualifications and exceptions set forth below, I am of the opinion that:

- (i) The Company is validly existing as a corporation in good standing under the laws of the State of Illinois, with corporate power and authority to own its properties and conduct its business as described in the Time of Sale Memorandum as amended or supplemented, and is duly qualified to transact business and is in good standing in each jurisdiction in which the conduct of its business or the ownership or leasing of property requires such qualification, except where the failure to be so qualified or in good standing would not in the aggregate have a material adverse effect upon the Company and its subsidiaries taken as a whole;
- (ii) Each of the “Significant Subsidiaries” (as such term is defined in Rule 1-02(w) of Regulation S-X promulgated under the Securities Act) of the Company has been duly organized and is validly existing as a corporation in good standing under the laws of the jurisdiction of its organization and is duly qualified to transact business and is in good standing in each jurisdiction in which the conduct of its business or the ownership or leasing of its property requires such qualification, except where failure to be so qualified or in good standing would not, in the aggregate, have a material adverse effect upon the Company and its subsidiaries, taken as a whole;
- (iii) To my knowledge and other than as set forth in the Time of Sale Memorandum, there are no legal or governmental proceedings pending to which the Company or any of its subsidiaries is a party or of which any property of the Company or any of its subsidiaries is the subject that, individually or in the aggregate, would reasonably be expected to have a material adverse effect on the consolidated

- financial position of the Company and its subsidiaries, taken as a whole, and to my knowledge, no such proceedings are threatened or contemplated by governmental authorities or threatened by others;
- (iv) The Purchase Agreement has been duly authorized, executed and delivered by the Company;
  - (v) The Registration Rights Agreement has been duly authorized, executed and delivered by the Company;
  - (vi) The Guarantee has been duly authorized, executed and delivered by the Company;
  - (vii) The issue and sale of the Notes and the compliance by the Company with all of the provisions of the Guarantee, the Registration Rights Agreement, the Purchase Agreement and the Exchange Agreement by and among the Company and the Selling Stockholder, dated as of November 5, 2012 (together, the "Transaction Documents"), and the consummation of the transactions therein contemplated will not (A) result in any violation of the provisions of the articles of incorporation or the by-laws, each as amended, of the Company, nor, to my knowledge, either (B) conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, or result in the creation or imposition of any lien, charge or encumbrance upon any of the property or assets of the Company or any of its subsidiaries pursuant to the terms of, any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Company or any of its subsidiaries is a party or by which the Company or any of its subsidiaries is bound or to which any of the property or assets of the Company or any of its subsidiaries is subject, or (C) result in any violation of any applicable law, statute or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Company or any of its subsidiaries or any of their respective properties, in any such case described in clause (B) or (C) the effects of which would, individually or in the aggregate, be materially adverse to the Company and its subsidiaries taken as a whole; and to my knowledge, no consent, approval, authorization, order, registration or qualification of or with any such court or governmental agency or body is required for the issue and sale by the Company of the Notes or the consummation by the Company of the transactions contemplated by the Transaction Documents, except such as have been obtained and such consents, approvals, authorizations, orders, registrations or qualifications as may be required under state securities or Blue Sky laws in connection with the purchase and distribution of the Notes by the Selling Noteholder and the Initial Purchasers and by federal and state securities laws with respect to the Company's obligations under the Registration Rights Agreement; and
  - (viii) The documents expressly incorporated by reference into the each Memorandum as amended or supplemented (other than the financial statements and related schedules and other financial and statistical data therein, as to which I express no opinion), when they became effective or were filed with the Securities and Exchange Commission (the "Commission"), as the case may be, complied as to

form in all material respects with the requirements of the Securities Exchange Act of 1934, as amended, as applicable, and the rules and regulations of the Commission thereunder.

In addition, I, or members of my staff, have participated in conferences with other officers and representatives of the Company and the Issuer, representatives of special counsel and the independent registered public accountants for the Company, the Issuer, the Selling Noteholder and the Initial Purchasers and their representatives at which the contents of the Preliminary Memorandum, the Time of Sale Memorandum and the Final Memorandum and related matters were discussed. However, except as specifically noted above, I do not pass upon and assume no responsibility for the accuracy, completeness or fairness of the statements contained in the Preliminary Memorandum, the Time of Sale Memorandum or the Final Memorandum, nor do I make any representation that I have independently verified or checked the accuracy, completeness or fairness of such statements. Notwithstanding the foregoing, no facts have come to my attention that would lead me to believe that (except for financial statements and schedules and other financial and statistical data as to which I express no belief) (i) the Time of Sale Memorandum as of the date of the Purchase Agreement or as amended or supplemented, if applicable, as of the date hereof, contained or contains any untrue statement of a material fact or omitted or omits to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading or (ii) the Final Memorandum when issued contained, or as of the date hereof contains, any untrue statement of a material fact or omitted or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

The opinions expressed herein are subject to the following qualifications and comments:

6. Enforcement of the Transaction Documents is subject to the effects of bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other laws of general applicability relating to or affecting creditors' rights, the application of general principles of equity (including, without limitation, concepts of materiality, reasonableness, good faith and fair dealing, regardless of whether enforcement is considered in proceedings at law or in equity) and applicable law and public policy with respect to rights of indemnification and contribution.
7. I have assumed that (i) each signatory to the Transaction Documents (other than the Company) is duly organized, validly existing and in good standing under the jurisdiction of its organization and has all the necessary power and authority under applicable federal, state, local and foreign law to enter into the relevant agreement and perform its respective obligations thereunder, (ii) the Transaction Documents have been duly authorized, executed and delivered by each signatory thereto and are enforceable against such other party (other than the Company) in accordance with its terms, (iii) the execution, delivery and performance by each party (other than the Company) of its obligations under the Transaction Documents (A) will comply with applicable laws and with any requirement or restriction imposed by any consent, authorization,

approval, exemption or validation of, order, writ, judgment, injunction, decree, determination or award of any court or governmental body having jurisdiction over it or any of its assets and will not result in a default under or breach of any agreement or instrument then binding upon it and (B) will not violate, conflict with or result in a breach of, or require any consent under, the charter, bylaws, limited liability company agreement, partnership agreement or equivalent organizational documents of any such party and (iv) all of the representations and warranties contained in the Transaction Documents are accurate, true and correct and that all covenants contained in the Transaction Documents have been complied with (except to the extent they contain legal conclusions that are otherwise the subject of the opinions expressed herein).

8. The provisions of the Transaction Documents that permit any party thereto to take action or make determinations, or to benefit from indemnities and similar undertakings of any part to the Transaction Documents, may be subject to the requirement that such action be taken or such determinations be made, and any action or inaction by such party that may give rise to a request for payment under such an undertaking be taken or not taken, on a reasonable basis and in good faith.
9. I express no opinion as to the effect of non-compliance by any party to the Transaction Documents with any Federal, state or foreign laws or regulations applicable to transactions because of the nature of its business.
10. I express no opinion with respect to (1) broadly or vaguely stated waivers or waivers of rights granted by law where such waivers are against public policy or prohibited by law, (2) the enforceability of confession of judgment provisions and (3) the enforceability of provisions imposing penalties, liquidated damages or other economic remedies.

I am admitted to practice law in the State of Illinois and my opinions expressed herein are limited solely to the federal laws of the United States of America and the laws of the State of Illinois, in each case as in effect on the date hereof. I express no opinion herein concerning the laws of any other jurisdiction. The Transaction Documents are governed by the laws of the State of New York, and therefore I assume for purposes of the opinions that the laws of the State of Illinois and the laws of the State of New York are the same in all applicable respects.

This opinion letter is rendered only to you and is solely for your benefit in connection with the Purchase Agreement. This opinion letter may not be relied upon by you for any other purpose, or relied upon by any other person, entity, firm or corporation for any purpose without my prior written consent. This opinion may not be used, circulated, quoted or otherwise referred to for any purpose without my specific prior written approval. The opinions contained herein are limited to the matters expressly stated herein, and no opinion may be inferred or may be implied beyond the matters expressly stated herein. The opinions contained herein are rendered as of the date hereof only, and I assume no obligation to supplement this opinion letter if any applicable law changes after the date hereof or if I become aware of any fact that might change the opinions expressed herein after the date hereof.

Very Truly Yours,

B-5

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John A. Berry  
Divisional Vice President, Associate  
General Counsel and  
Assistant Secretary

B-6

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[Letterhead of Wachtell, Lipton, Rosen & Katz]

Morgan Stanley & Co. LLC  
1585 Broadway  
New York, New York 10036

Barclays Capital Inc.  
745 7th Avenue  
New York, New York 10019

J.P. Morgan Securities LLC  
383 Madison Ave., 3rd Floor  
New York, New York 10179

Merrill Lynch, Pierce, Fenner & Smith Incorporated  
One Bryant Park  
New York, New York 10036

(as representatives to the several Initial Purchasers named in Schedule I to the Purchase Agreement referred to below)

Ladies and Gentlemen:

We have acted as special counsel to AbbVie Inc., a Delaware corporation (the "Company"), in connection with the issuance and sale to the Initial Purchasers of \$3,500,000,000 principal amount of the Company's 1.200% senior notes due 2015 (the "Fixed 2015 Notes"), \$4,000,000,000 principal amount of the Company's 1.750% senior notes due 2017 (the "2017 Notes"), \$1,000,000,000 principal amount of the Company's 2.000% senior notes due 2018 (the "2018 Notes"), \$2,600,000,000 principal amount of the Company's 4.4000% senior notes due 2042 (the "2042 Notes") and \$500,000,000 principal amount of the Company's floating rate senior notes due 2015 (the "Floating 2015 Notes") and the sale by Morgan Stanley & Co. LLC (the "Selling Noteholder"), \$3,100,000,000 principal amount of the Company's 2.900% senior notes due 2022 (the "2022 Notes" and, together with the Fixed 2015 Notes, the 2017 Notes, the 2018 Notes, the 2042 Notes and the Floating 2015 Notes, the "Notes") pursuant to the Purchase Agreement, dated as of November 5, 2012 (the "Purchase Agreement"), by and among the Company, Abbott Laboratories, an Illinois corporation (the "Guarantor"), the Selling Noteholder, and the Initial Purchasers. We are furnishing the opinions set forth below to you at the request of the Company pursuant to Section 7(d) of the Purchase Agreement. All capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Purchase Agreement.

In connection with the opinions set forth herein, we have examined originals or copies certified or otherwise identified to our satisfaction of such documents, corporate records, agreements, certificates of public officials and other instruments as we have deemed necessary or appropriate for the purposes of the opinions contained herein, including, among others, the following: (a) the Time of Sale Memorandum, as amended to date, and the Final Memorandum; (b) a copy of the Indenture; (c) the executed Registration Rights Agreement; (d) the executed Guarantee; (e) the executed Purchase Agreement; (f) the Certificate of Incorporation and By-laws of the Company, as amended to date; (g) the unanimous written consent of the sole director of the Company adopting certain resolutions relating to the Transactions; and (h) specimens of the Notes. The items referred to in clauses (b), (c), (d), (e) of the preceding sentence and the Notes are referred to herein as the "Transaction Documents".

For purposes of the opinions expressed herein we have assumed: (a) that each party to the Transaction Documents (other than the Company) is, and was at the relevant time of execution, duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation or formation and that each party to the Transaction Documents has, and had at the relevant time of execution, all necessary corporate or other power and authority to enter into the Transaction Documents and perform its obligations thereunder; (b) the truth and accuracy of all representations and warranties, and compliance with all covenants, contained in the Transaction Documents; (c) that each of the Transaction Documents was duly authorized, executed and delivered by each party thereto (other than the Company); (d) that the Notes have been paid for and delivered to you in accordance with the terms of the Purchase Agreement and executed and delivered by the Company; (e) that each of the Transaction Documents constitutes the valid and binding obligation of each party thereto (other than the Company), enforceable against each such party in accordance with its terms; (f) that, to the extent that the Time of Sale Memorandum and the Final Memorandum contain disclosure that you or your representatives have provided in writing expressly for inclusion therein, such disclosure is accurate in all material respects; and (g) that the execution and delivery of the Transaction Documents by each of the parties thereto, and the performance and consummation of the transactions contemplated by the Transaction Documents by each of the parties thereto, will comply with all applicable laws and regulations and with any requirement or restriction imposed by any order, writ, judgment, injunction, decree, determination or award of any court or governmental body having jurisdiction over it or any of its assets and will not (i) result in a default under or breach of any agreement or instrument then binding upon it or (ii) violate, conflict with or result in a breach of, or require any consent under, the charter, bylaws, limited liability company agreement, partnership agreement or other organizational or governing documents of any such party or (iii) result in the creation or imposition of any lien or encumbrance upon or with respect to any property or assets now owned or hereafter acquired by such party or any of its subsidiaries pursuant to any agreement or instrument then binding upon it. We have also assumed that the Notes will conform to the specimen thereof examined by us and that the Notes will be duly authenticated and delivered in accordance with the requirements of the Transaction Documents, and that the issuance, offer and sale of the Notes will be made in accordance with the Transaction Documents, the resolutions of the Board of Directors of the Company adopted by unanimous written consent of its sole director on October [●], 2012 and the resolutions of the Board of Directors of the Guarantor adopted on September 11-13, 2012.

We have further assumed the legal capacity of all natural persons, the genuineness of all signatures, the authenticity of all documents submitted to us as originals, the conformity to original documents of documents submitted to us as certified, facsimile, conformed, electronic or photostatic copies and the authenticity of the originals of such copies. As to all questions of fact relevant to the opinions contained herein that have not been independently established, we have relied with your consent upon certificates or comparable documents, and oral and written statements and representations, of officers and representatives of the Company and the Guarantor and of public officials, and upon the representations and warranties of the Company, the Guarantor and the Initial Purchasers contained in the Purchase Agreement. We have not independently verified such information and assumptions.

Based upon the foregoing, and subject to the assumptions, exceptions, limitations, qualifications and comments stated herein, we are of the opinion that, as of the date of this opinion:

11. The Company is validly existing as a corporation in good standing under the laws of the State of Delaware, with corporate power and authority to own, lease or operate its properties and to conduct its business as described in the Final Memorandum, except where the failure to have such power or authority or be in good standing would not, in the aggregate, have a material adverse effect on the business, financial position or results of operations of the Company and its subsidiaries, taken as a whole, or the ability of the Company to enter into and perform its obligations under the Transaction Documents.
12. The Purchase Agreement has been duly authorized, executed and delivered by the Company.
13. The Indenture has been duly authorized, executed and delivered by the Company and constitutes a valid and binding agreement of the Company, enforceable against the Company in accordance with its terms.
14. The Registration Rights Agreement has been duly authorized, executed and delivered by the Company and constitutes a valid and binding agreement of the Company, enforceable against the Company in accordance with its terms.
15. The Notes have been duly authorized by the Company and, when executed by the Company and authenticated by the Trustee in the manner provided in the Indenture and issued and delivered against payment of the purchase price therefor, will constitute valid and binding obligations of the Company, enforceable against the Company in accordance with their terms, and will be entitled to the benefits of the Indenture and the Registration Rights Agreement.
16. The statements set forth in the Time of Sale Memorandum and in the Final Memorandum under the captions "Description of the Notes," insofar as they purport to constitute a summary of the Indenture, the Registration Rights Agreement, the Notes and the Guarantee, fairly summarize such documents in all material respects.
17. Assuming the accuracy of the representations, warranties and agreements of the Company, the Guarantor, the Selling Noteholder and the Initial

Purchasers in the Purchase Agreement, it is not necessary in connection with the offer, sale and delivery of the Notes to and by the Initial Purchasers, in each case, solely in the manner contemplated by the Purchase Agreement, the Time of Sale Memorandum and the Final Memorandum, to register the Notes under the Securities Act of 1933 or to qualify the Indenture under the Trust Indenture Act of 1939, it being understood that no opinion is expressed as to any subsequent resale of any Notes.

The opinions expressed herein are subject to the following qualifications and comments:

- a) Our opinions and each of the Transaction Documents are subject to the effect of (1) bankruptcy, insolvency, fraudulent conveyance, fraudulent transfer, reorganization, moratorium or other similar laws relating to or affecting the rights or remedies of creditors generally; (2) the application of general principles of equity (including, without limitation, concepts of materiality, reasonableness, good faith and fair dealing, regardless of whether enforcement is considered in proceedings at law or in equity); and (3) applicable law and public policy with respect to rights to indemnification and contribution.
- b) The provisions of the Transaction Documents that permit any party thereto to take action or make determinations, or to benefit from indemnities and similar undertakings of any party to the Transaction Documents may be subject to the requirement that such action be taken or such determinations be made, and any action or inaction by such party that may give rise to a request for payment under such an undertaking be taken or not taken, on a reasonable basis and in good faith and may also be subject to public policy and equitable limitations.
- c) Insofar as any provisions of the Transaction Documents may provide for indemnification or contribution or similar undertakings with respect to liabilities resulting from or based upon a party's own negligence, gross negligence, recklessness or willful misconduct or violations of federal, state or foreign securities or blue sky laws or regulations, the enforceability thereof may be limited.
- d) We are not expressing any opinion with respect to, or as to the effect of compliance by the Company or the Guarantor with, any federal, state or foreign securities laws, other antifraud laws, tax laws, the Employee Retirement Income Security Act of 1974, as amended, antitrust laws or any state, federal, foreign or other laws or regulations applicable to the transactions contemplated by the Transaction Documents because of the nature of the businesses of the Company.
- e) We express no opinion as to the effect of the laws of any jurisdiction (other than federal laws of the United States and the laws of the State of New York) wherein any holder of the Notes may be located which limits rates of interest that may be charged or collected by such holder.
- f) We have assumed that the Company will apply the proceeds from the sale of the Notes as contemplated in the Final Memorandum.

g) We express no opinion with respect to the lawfulness or enforceability of (1) broadly or vaguely stated waivers or waivers of rights granted by law where such waivers are against public policy or prohibited by law, (2) the enforceability of confession of judgment provisions and (3) the enforceability of provisions imposing penalties, liquidated damages or other economic remedies.

h) We express no opinion as to the effect of any applicable law (including Section 548 of the Bankruptcy Code or Article 10 of the New York Debtor and Creditor Law) regarding fraudulent transfers or fraudulent conveyances, or of provisions of the law of the jurisdiction of the Guarantor restricting dividends, loans or distributions by a corporation or limited liability company or for the benefit of its stockholders or members, on the validity or enforceability of the Transaction Documents against the Guarantor or any other obligation of the Guarantor under the Transaction Documents.

i) Insofar as any of the following are contained in the Transaction Documents, we express no opinion with respect to the validity or enforceability of (1) provisions in the Transaction Documents relating to delay or omission of enforcement of rights or remedies, waivers of defenses, waivers of notices, or waivers of benefits of usury, appraisal, valuation, stay, extension, moratorium, redemption, statutes of limitation or other non-waivable benefits bestowed by operation of law, (2) exculpation provisions, provisions relating to releases of unmatured claims, provisions purporting to waive immaterial rights, severability provisions and provisions similar in substance or nature to those described in the foregoing clause (1) and this clause (2), (3) any provisions in the Transaction Documents which subject the Company or the Guarantor to any claim for deficiency resulting from a judgment being rendered in a currency other than the currency called for in the Transaction Documents, (4) the effect of any provision of the Transaction Documents which is intended to permit modification thereof only by means of an agreement in writing signed by the parties thereto; or (5) any provision in the Transaction Documents imposing penalties or forfeitures.

j) We express no opinion as to (1) whether a federal, state or any other court outside of the State of New York would give effect to the choice of New York law provided for in the Transaction Documents, (2) provisions of the Transaction Documents that relate to the subject matter jurisdiction of any federal court of the United States of America sitting in New York City to adjudicate any controversy related to the Transaction Documents, or the transactions contemplated thereby, (3) any waiver of inconvenient forum set forth in the Transaction Documents, (4) the waiver of jury trial set forth in the Transaction Documents, or (5) the effect (if any) of any law of any jurisdiction (except the State of New York) in which any enforcement of any of the Transaction Documents may be sought.

k) Our opinions as to compliance with certain statutes, rules and regulations are based upon a review of those statutes, rules and regulations which, in our experience, are normally applicable to transactions of the type contemplated by the Transaction Documents.

l) We express no opinion with respect to any provisions of the Transaction Documents insofar as they purport to create rights of set-off.

m) We express no opinion as to the effect of Section 210(p) of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

n) The provisions of the Transaction Documents (insofar as any are contained therein) that permit any person or entity to take action or make determinations, or to benefit from indemnification and similar undertakings of the Company or the Guarantor, may be subject to a requirement that such action, inaction or determination by such person or entity be taken or made, or not taken or made, on a reasonable basis and in good faith and may also be subject to public policy and equitable limitations.

Members of our firm are admitted to the Bar of the State of New York, and opinions expressed in this letter are limited to the effects of (a) the federal securities laws of the United States, (b) the internal laws of the State of New York (excluding any political subdivision) and (c) to the extent expressly stated herein, the General Corporation Law of the State of Delaware, in each case as in effect on the date hereof. We have relied, to the extent we deem appropriate, on written guidance of the Securities and Exchange Commission (including the Staff thereof).

This letter is being furnished to you at the request of the Company by us as special counsel to the Company in connection with the Purchase Agreement. This letter is rendered only to you and is solely for your benefit in connection with the Purchase Agreement. This letter may not be relied upon by you for any other purpose, or relied upon by any other person, entity, firm or corporation for any purpose, and may not be used, circulated, quoted or otherwise referred to for any other purpose, without our prior written consent (including by any person, entity, firm or corporation that acquires Notes from you). The opinions contained herein are limited to the matters expressly stated herein, and no opinion may be inferred or may be implied beyond the matters expressly stated herein. The opinions contained herein are rendered as of the date hereof only, and you expressly acknowledge that we shall have no obligation to, and will not, update any statement herein.

\* \* \*

Any tax statements contained herein (i) were not intended or written to be used, and cannot be used by any taxpayer, for the purpose of avoiding penalties that may be imposed on the taxpayer and (ii) were written to support the promotion or marketing of the transactions or matters addressed herein. Taxpayers should seek advice based on their own particular circumstances from an independent tax advisor.

\* \* \*

Very truly yours,

C-1-6

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[Letterhead of Wachtell, Lipton, Rosen & Katz]

Morgan Stanley & Co. LLC  
1585 Broadway  
New York, New York 10036

Barclays Capital Inc.  
745 7th Avenue  
New York, New York 10019

J.P. Morgan Securities LLC  
383 Madison Ave., 3rd Floor  
New York, New York 10179

Merrill Lynch, Pierce, Fenner & Smith Incorporated  
One Bryant Park  
New York, New York 10036

(as Representatives to the several Initial Purchasers named in Schedule I to the Purchase Agreement referred to below)

Ladies and Gentlemen:

We have acted as special counsel to AbbVie Inc., a Delaware corporation (the "Company"), in connection with the issuance and sale to the Initial Purchasers of \$3,500,000,000 principal amount of the Company's 1.200% senior notes due 2015 (the "Fixed 2015 Notes"), \$4,000,000,000 principal amount of the Company's 1.750% senior notes due 2017 (the "2017 Notes"), \$1,000,000,000 principal amount of the Company's 2.000% senior notes due 2018 (the "2018 Notes"), \$2,600,000,000 principal amount of the Company's 4.400% senior notes due 2042 (the "2042 Notes") and \$500,000,000 principal amount of the Company's floating rate senior notes due 2015 (the "Floating 2015 Notes") and the sale by Morgan Stanley & Co. LLC (the "Selling Noteholder"), \$3,100,000,000 principal amount of the Company's 2.900% senior notes due 2022 (the "2022 Notes" and, together with the Fixed 2015 Notes, the 2017 Notes, the 2018 Notes, the 2042 Notes and the Floating 2015 Notes, the "Notes") pursuant to the Purchase Agreement, dated as of November 5, 2012 (the "Purchase Agreement"), by and among the Company, Abbott Laboratories, an Illinois corporation (the "Guarantor"), the Selling Noteholder, and the Initial Purchasers. We are furnishing this letter to you at the request of the Company pursuant to Section 7(d) of the Purchase Agreement. All capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Purchase Agreement.



We have participated in conferences with officers and representatives of and counsel for the Company, the Guarantor, the Selling Noteholder, representatives of the independent registered public accounting firm of the Company, Deloitte & Touche LLP, and representatives of, and counsel for, the Initial Purchasers, at which conferences the disclosures in the Preliminary Memorandum, the Time of Sale Memorandum, as amended to date, and the Final Memorandum were discussed, and, although we have not independently checked or verified, and, except to the extent expressly indicated in numbered paragraph 6 of our separate letter, dated as of the date hereof, delivered to you in our capacity as special counsel to the Company, we are not passing upon and assume no responsibility for the accuracy, completeness or fairness of the disclosures contained in the Preliminary Memorandum, the Time of Sale Memorandum and the Final Memorandum, nothing has come to our attention that causes us to believe: (i) the Time of Sale Memorandum, as of the date of the Purchase Agreement or, if applicable, as amended or supplemented as of the date of this letter and (ii) the Final Memorandum, as of its date or the date of this letter (other than, in each of clauses (i) and (ii), financial statements, related notes or statistical, financial or accounting data or related schedules contained or incorporated by reference therein, documents filed by the Guarantor with the Commission pursuant to the Exchange Act and incorporated by reference into the Preliminary Memorandum and the Final Memorandum together with the information in the Preliminary Memorandum[, as amended or supplemented as of the date of the Purchase Agreement,] under the captions “Summary — Recent Developments[,]” [and] “Summary — About Abbott Laboratories” [and “Business — Legal Proceedings”] as such information relates to the Guarantor and its subsidiaries, taken as whole, as to which, in each case, we express no belief) contained or contains any untrue statement of a material fact or omitted or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (provided, however, that the foregoing shall not apply to disclosure therein that you or your representatives have expressly provided in writing for inclusion therein).

This letter is furnished by us as special counsel for the Company to you the Initial Purchasers, and is solely for your benefit, and is not to be otherwise used, quoted, circulated, referred to or relied upon without our express prior written consent. This letter is rendered only to you and is solely for your benefit in connection with the offering of the Notes contemplated by the Purchase Agreement. This letter may not be relied upon by you for any other purpose, or relied upon by, nor a copy of this letter provided to, any other person, entity, firm or corporation for any purpose, without our prior written consent (other than your successor in interest by means of merger, consolidation, transfer of a business or other similar transaction). This letter is limited to the matters expressly stated herein and is given as of the date hereof only, and nothing may be inferred or may be implied beyond the matters expressly stated herein and you acknowledge that we have no obligation to, and will not, update this letter or any statement contained herein.

\* \* \*

Any tax statements herein (i) were not intended or written to be used, and cannot be used, by any taxpayer for the purpose of avoiding penalties that may be imposed on the taxpayer and (ii) were written to support the promotion or marketing of the transactions or matters addressed herein. Taxpayers should seek advice based on their own particular circumstances from an independent tax advisor.

\* \* \*

Very truly yours,

C-2-3

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November 8, 2012

Morgan Stanley & Co. LLC  
1585 Broadway  
New York, New York 10036

Barclays Capital Inc.  
745 7th Avenue  
New York, New York 10019

J.P. Morgan Securities LLC  
383 Madison Ave., 3rd Floor  
New York, New York 10179

Merrill Lynch, Pierce, Fenner & Smith  
Incorporated  
One Bryant Park  
New York, New York 10036

(as representatives to the several Initial Purchasers named  
in Schedule I to the Purchase Agreement referred to below)

Ladies and Gentlemen:

We have acted as special counsel to Abbott Laboratories, an Illinois corporation (the "Guarantor"), in connection with the issuance and sale by AbbVie, Inc., a Delaware corporation (the "Company"), of \$3,500,000,000 aggregate principal amount of its 1.200% senior notes due 2015 (the "2015 Fixed Rate Notes"), \$500,000,000 aggregate principal amount of its floating rate senior notes due 2015 (the "2015 Floating Rate Notes"), \$4,000,000,000 aggregate principal amount of its 1.750% senior notes due 2017 (the "2017 Notes"), \$1,000,000,000 aggregate principal amount of its 2.000% senior notes due 2018 (the "2018 Notes"), \$3,100,000,000 aggregate principal amount of its 2.900% senior notes due 2022 (the "2022 Notes"), and \$2,600,000,000 principal amount of its 4.400% senior notes due 2042 (the "2042 Notes") and, together with the 2015 Fixed Rate Notes, the 2015 Floating Rate Notes, the 2017 Notes, the 2018 Notes and the 2022 Notes, the "Notes"), pursuant to that certain purchase agreement, dated November 5, 2012 (the "Purchase Agreement"), among the Company, the Guarantor, Morgan Stanley & Co. LLC, as selling noteholder (the "Selling Noteholder") and Morgan Stanley & Co.

LLC, Barclays Capital Inc., J.P. Morgan Securities LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as representatives of the several initial purchasers named in Schedule I thereto (collectively, the “Initial Purchasers”). The Notes will be issued under an indenture, dated November 8, 2012, between the Company and U.S. Bank National Association, as Trustee, as supplemented by the First Supplemental Indenture, dated November 8, 2012, between the Company and U.S. Bank National Association, as Trustee (the indenture as so supplemented, the “Indenture”), and will be fully and unconditionally guaranteed by the Guarantor pursuant to a guarantee agreement, dated November 8, 2012 (the “Guarantee Agreement”), between the Guarantor and the Trustee, until released in accordance with the terms thereof. This opinion is delivered to you at the request of the Company and the Guarantor pursuant to Section 7(e) of the Purchase Agreement. Capitalized terms used herein without being defined have the meanings ascribed to such terms in the Purchase Agreement.

The 2015 Fixed Rate Notes, the 2015 Floating Rate Notes, the 2017 Notes and the 2042 Notes are being issued and sold by the Company to the Initial Purchasers pursuant to the terms and conditions of the Purchase Agreement. The 2022 Notes are being initially issued by the Company to the Guarantor as partial consideration for the Guarantor’s contribution of the certain properties and assets to the Company and its subsidiaries. Pursuant to the Exchange Agreement, the Guarantor will exchange the 2022 Notes for an equivalent fair value of the Guarantor’s commercial paper owned by the Selling Noteholder, and the Selling Noteholder will sell the 2022 Notes to the Initial Purchasers pursuant to the Purchase Agreement.

In rendering the opinions set forth below, we have examined such questions of law and the originals, or copies certified or otherwise identified to our satisfaction as being true copies, of such corporate documents and records, certificates of public officials and of officers of the Guarantor, and agreements, instruments and other documents, as we have deemed necessary as a basis for the opinions expressed below. As to matters of fact (but not as to legal conclusions), to the extent we deemed proper, we have relied on certificates of responsible officers of the Guarantor and of public officials and on the representations, warranties and agreements of the Guarantor contained in the Purchase Agreement.

In addition, in rendering the opinions set forth below, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals, the conformity to the original documents of all documents submitted to us as certified, conformed or photostatic copies and the legal competence of each individual executing any document. As to all parties other than the Guarantor, we have assumed the due authorization, execution and delivery of all documents and the validity and enforceability thereof against all parties thereto, other than the Guarantor, in accordance with their respective terms.

Whenever our opinion with respect to the existence or absence of facts is indicated to be based on our knowledge, we are referring solely to the actual knowledge of the particular Mayer Brown LLP attorneys who have represented the Guarantor in connection with the offer and sale of the Notes by the Company, without having made independent investigation. Except as expressly set forth in this opinion, we have not undertaken any independent investigation to determine the existence or absence of such facts and no inference as to our knowledge concerning such facts should be drawn from the fact that such representation has been undertaken by us.

Our opinions expressed herein are limited to the laws of the State of Illinois, the State of New York and the Federal laws of the United States (other than maritime law), and we do not express any opinion herein concerning any other law.

Based upon, and subject to, the matters stated herein, we are of the opinion that:

1. The Guarantor is validly existing as a corporation in good standing under the laws of the State of Illinois, with corporate power and authority to own its properties and conduct its business as described in the documents filed by the Guarantor with the Commission pursuant to the Exchange Act and incorporated by reference into the Preliminary Memorandum and the Final Memorandum;
2. Each of the Purchase Agreement, the Guarantee Agreement and the Registration Rights Agreement has been duly authorized, executed and delivered by the Guarantor; and
3. When the Notes have been issued, executed and authenticated in accordance with the Indenture and the 2022 Notes have been delivered to the Guarantor and exchanged with the Selling Noteholder in accordance with Exchange Agreement and the Notes have subsequently been delivered to and paid for by the Initial Purchasers in accordance with the terms of the Purchase Agreement, the Guarantee will constitute a valid and legally binding obligation of the Guarantor, enforceable in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles.

Our opinion in paragraph 1 above with respect to the valid existence and good standing of the Guarantor is based solely upon a certificate of the Secretary of State of the State of Illinois, as delivered to you in connection with the closing of the transactions contemplated by the Purchase Agreement.

The opinions expressed herein are as of the date hereof. We assume no obligation to update or supplement this letter to reflect any facts or circumstances that may hereafter come to our attention or any changes in applicable law that may hereafter occur.

This letter is furnished by us in accordance with Section 7(e) of the Purchase Agreement, is solely for your benefit in your capacity as Initial Purchasers and is not to be used, quoted or otherwise relied upon by any other person (including any person purchasing any of the Notes from you), or by you for any other purpose, or filed or furnished to any governmental agency or any other person (including any person purchasing any of the Notes from you), without our prior written consent, which may be granted or withheld in our sole discretion.

Very truly yours,

Mayer Brown LLP

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November 8, 2012

Morgan Stanley & Co. LLC  
1585 Broadway  
New York, New York 10036

Barclays Capital Inc.  
745 7th Avenue  
New York, New York 10019

J.P. Morgan Securities LLC  
383 Madison Ave., 3rd Floor  
New York, New York 10179

Merrill Lynch, Pierce, Fenner & Smith  
Incorporated  
One Bryant Park  
New York, New York 10036

(as representatives to the several Initial Purchasers named  
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Stanley & Co. LLC, as selling noteholder (the “Selling Noteholder”) and Morgan Stanley & Co. LLC, Barclays Capital Inc., J.P. Morgan Securities LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as representatives of the several initial purchasers named in Schedule I thereto (collectively, the “Initial Purchasers”). The Notes will be issued under an indenture, dated November 8, 2012, between the Company and U.S. Bank National Association, as Trustee, as supplemented by the First Supplemental Indenture, dated November 8, 2012, between the Company and U.S. Bank National Association, as Trustee (the indenture as so supplemented, the “Indenture”), and will be fully and unconditionally guaranteed by the Guarantor pursuant to a guarantee agreement, dated November 8, 2012 (the “Guarantee Agreement”), between the Guarantor and the Trustee, until released in accordance with the terms thereof. This letter is delivered to you at the request of the Company and the Guarantor pursuant to Section 7(e) of the Purchase Agreement. Capitalized terms used herein without being defined have the meanings ascribed to such terms in the Purchase Agreement.

We have participated in conferences with representatives of the Company and the Guarantor, their respective accountants, the Company’s counsel, representatives of the Selling Noteholder and the Initial Purchasers and counsel for the Selling Noteholder and the Initial Purchasers at which times the contents of the Preliminary Memorandum and the Final Memorandum and related matters were discussed. However, we did not participate in the preparation or drafting of any of the documents filed by the Guarantor with the Commission pursuant to the Exchange Act and incorporated by reference into the Preliminary Memorandum and the Final Memorandum (collectively, the “Incorporated Documents”). The purpose of our professional engagement was not to establish or to confirm factual matters set forth or incorporated by reference in the Preliminary Memorandum or the Final Memorandum, and we are not passing upon and assume no responsibility for the accuracy, completeness or fairness of the statements contained or incorporated by reference in the Preliminary Memorandum and the Final Memorandum or making any representation that we have independently verified or checked the accuracy, completeness or fairness of such statements. Moreover, many of the determinations required to be made in the preparation of the Preliminary Memorandum, the Final Memorandum and the Incorporated Documents involve matters of a non-legal nature. In addition, we express no view as to the financial statements and related schedules or the other financial and statistical data included or incorporated by reference in the Preliminary Memorandum or the Final Memorandum or omitted therefrom. Subject to the foregoing, we advise you that nothing came to our attention that caused us to believe that (i) the information in the Incorporated Documents, together with the information in the Preliminary Memorandum[, as amended or supplemented as of the date of the Purchase Agreement,] under the captions “Summary — Recent Developments[.]” [and] “Summary — About Abbott Laboratories” [and “Business — Legal Proceedings”] as such information relates to the Guarantor and its subsidiaries, taken as whole (the “Guarantor Information”), as of the date of the Purchase Agreement included an untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; or (ii) the information in the Incorporated Documents, together with the information in the Final Memorandum under the captions “Summary — Recent Developments[.]” [and] “Summary — About Abbott Laboratories” [and “Business — Legal Proceedings”] as such information relates to the Guarantor Information, as of the date of the Final Memorandum or at the date hereof, included or includes an untrue statement of a material



fact or omitted or omits to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. As used in this paragraph, the term "Guarantor Information" does not include any information regarding the Company and its subsidiaries on a stand-alone basis, separate and apart from the Guarantor and its consolidated subsidiaries.

We assume no obligation to update or supplement this letter to reflect any facts or circumstances that may hereafter come to our attention or any changes in applicable law that may hereafter occur.

This letter is furnished by us in accordance with Section 7(e) of the Purchase Agreement, is solely for your benefit in your capacity as Initial Purchasers and is not to be used, quoted or otherwise relied upon by any other person (including any person purchasing any of the Notes from you), or by you for any other purpose, or filed or furnished to any governmental agency or any other person (including any person purchasing any of the Notes from you), without our prior written consent, which may be granted or withheld in our sole discretion.

Very truly yours,

Mayer Brown LLP

PJN/JPB

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**SUBSIDIARIES OF ABBVIE INC.**

The following is a list of subsidiaries of AbbVie Inc. AbbVie Inc. is not a subsidiary of any other corporation. Where ownership of a subsidiary is less than 100% by AbbVie Inc. or an AbbVie Inc. subsidiary, such has been noted by designating the percentage of ownership.

<b>Domestic Subsidiaries</b>	<b>Incorporation</b>
Abbott Endocrine Inc.	Delaware
Abbott Endocrinology Inc.	Delaware
AbbVie Bioresearch Center Inc.	Delaware
AbbVie Biotech Ventures Inc.	Delaware
AbbVie Biotherapeutics Inc.	Delaware
AbbVie Holdings Inc.	Delaware
AbbVie Products LLC	Georgia
AbbVie Purchasing LLC	Delaware
AbbVie Resources Inc.	Delaware
AbbVie Resources International Inc.	Delaware
AbbVie Respiratory LLC	Delaware
AbbVie US LLC	Delaware
Aeropharm Technology, LLC	Delaware
BioDisplay Technologies, Inc.	Illinois
Fremont Holding L.L.C.	Delaware
IEP Pharmaceutical Devices, LLC	Delaware
Knoll Pharmaceutical Company	New Jersey
KOS Pharmaceuticals, Inc.	Delaware
Life Properties Inc.	Delaware
Organics L.L.C.	Delaware
Rowell Laboratories, Inc.	Minnesota
Unimed Pharmaceuticals, LLC	Delaware
<b>Foreign Subsidiaries</b>	<b>Incorporation</b>
AbbVie S.A.	Argentina

<b>Domestic Subsidiaries</b>	<b>Incorporation</b>
AbbVie Pty Ltd	Australia
AbbVie GmbH	Austria
AbbVie Bahamas Ltd.	Bahamas
AbbVie SA	Belgium
AbbVie Ltd	Bermuda
AbbVie Biotechnology Ltd	Bermuda
AbbVie Participações Ltda.	Brazil
AbbVie Farmacêutica Ltda	Brazil
AbbVie Corporation	Canada
AbbVie Holdings Corporation	Canada
AbbVie Productos Farmacéuticos Limitada	Chile
AbbVie SAS	Colombia
AbbVie d.o.o.	Croatia
AbbVie Limited	Cyprus
AbbVie s.r.o.	Czech Republic
AbbVie A/S	Denmark
AbbVie Oy	Finland
AbbVie	France
AbbVie Holdings	France
Abbott Products GmbH	Germany
AbbVie Biotechnology GmbH	Germany
AbbVie Deutschland GmbH & Co. KG	Germany
AbbVie Komplementär GmbH	Germany
AbbVie Real Estate Management GmbH	Germany
AbbVie (Gibraltar) Holdings Limited	Gibraltar
AbbVie (Gibraltar) Limited	Gibraltar
AbbVie Pharmaceuticals Societe Anonyme	Greece

<b>Domestic Subsidiaries</b>	<b>Incorporation</b>
AbbVie Limited	Hong Kong
Abbott Products Kft	Hungary
AbbVie Kft	Hungary
AbbVie Ireland Holdings Limited	Ireland
AbbVie Ireland Limited	Ireland
AbbVie Limited	Ireland
Fournier Laboratories Ireland Ltd.	Ireland
AbbVie S.r.l.	Italy
AbbVie GK	Japan
AbbVie Holdings KK	Japan
AbbVie Ltd	Jersey
AbbVie Ltd	Korea, South
AbbVie UAB	Lithuania
AbbVie International S.à r.l.	Luxembourg
AbbVie Investments S.à r.l.	Luxembourg
AbbVie Luxembourg Abbott Holding (Gibraltar) Limited S.C.S.	Luxembourg
AbbVie Overseas S.à r.l.	Luxembourg
AbbVie Sdn. Bhd.	Malaysia
AbbVie Farmacéuticos, S.A. de C.V.	Mexico
AbbVie B.V.	Netherlands
AbbVie Ireland NL B.V.	Netherlands
AbbVie Japan Holdings B.V.	Netherlands
AbbVie Logistics B.V.	Netherlands
AbbVie Nederland Holdings B.V.	Netherlands
AbbVie Pharmaceuticals B.V.	Netherlands
Abbott Research B.V.	Netherlands
AbbVie Venezuela B.V.	Netherlands

<b>Domestic Subsidiaries</b>	<b>Incorporation</b>
AbbVie Venezuela Holdings B.V.	Netherlands
AbbVie Limited	New Zealand
AbbVie AS	Norway
AbbVie Pharmaceutical Trading (Shanghai) Co., Ltd.	People's Republic of China
AbbVie Polska Sp. z o.o.	Poland
AbbVie Sp. z o.o.	Poland
AbbVie, L. <sup>da</sup>	Portugal
AbbVie Promoção, L. <sup>da</sup>	Portugal
AbbVie Corp	Puerto Rico
Knoll LLC	Puerto Rico
AbbVie Limited Liability Company	Russia
AbbVie Pte. Ltd.	Singapore
AbbVie s.r.o.	Slovakia
AbbVie Holdings s.r.o.	Slovakia
AbbVie (Pty) Ltd.	South Africa
AbbVie Farmacéutica, S.L.U.	Spain
Fundación AbbVie	Spain
AbbVie AB	Sweden
AbbVie AG	Switzerland
AbbVie Pharmaceuticals GmbH	Switzerland
AbbVie T1bbi Olaçlar Sanayi ve Ticaret Limited ^irketi	Turkey
AbbVie Ltd	United Kingdom
AbbVie Australasia Holdings Limited	United Kingdom
AbbVie Investments Limited	United Kingdom
AbbVie Trustee Company Limited	United Kingdom
AbbVie UK Holdco Limited	United Kingdom
AbbVie Pharmaceuticals SCA	Venezuela



, 2012

Dear Abbott Laboratories Shareholder:

In October 2011, we announced plans to separate into two leading, publicly traded health care companies—one in diversified medical products and the other in research-based pharmaceuticals. I am pleased to report that we are on track to operate as two leading health care companies, beginning January 1, 2013.

The Abbott name will remain with the diversified medical products company, which will consist of our existing businesses in medical devices, nutritional products, diagnostics, and our branded-generic pharmaceuticals sold outside the United States. AbbVie is the new name of our research-based pharmaceuticals company, which will include Abbott's current portfolio of proprietary pharmaceuticals and biologics.

The separation of our company into two distinct investment identities reflects long-term changes in the health care market that have led us over time to create distinctly different business models for these two businesses. Acknowledging this evolution by separating them into independent companies will allow each to more appropriately pursue its own strategies, and for both to be more effectively valued by investors.

Both companies will have everything needed to be leaders in their respective industries on day one of independent operation. Both will be Fortune 200 companies with global infrastructure, leading products, and promising research and development pipelines. They will have strong balance sheets and significant cash flow. Both are expected to pay a dividend. We expect that both companies will receive strong credit ratings.

They will be different in important ways, as well. AbbVie has a more intensive research focus, and a majority of its business is concentrated in developed markets. Abbott will retain a diverse portfolio of health care products and is expected to have a relatively higher growth rate as more of its business is in emerging markets, which are generally faster-growing than developed markets. But these attributes are not mutually exclusive. The Abbott businesses are also research-driven and have attractive margin profiles; and AbbVie will continue to be strong around the world, including in emerging markets.

The separation will provide current Abbott shareholders with ownership interests in both Abbott and AbbVie. The company has received a ruling from the Internal Revenue Service acknowledging that the separation will be tax-free to Abbott shareholders. However, any cash you receive in lieu of fractional shares generally will be taxable to you.

The separation will be in the form of a pro rata distribution of all of the outstanding shares of AbbVie common stock to holders of Abbott common shares. Each Abbott shareholder will receive 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 for the distribution. You do not need to take any action to receive shares of AbbVie common stock to which you are entitled as an Abbott shareholder. In addition, you do not need to pay any consideration or surrender or exchange your Abbott common shares.

I encourage you to read the attached information statement, which is being provided to all holders of Abbott shares as of the close of business on December 12, 2012. The information statement describes the separation in detail and contains important business and financial information about AbbVie.

As ever, we remain committed to working on your behalf to continue to build long-term shareholder value. This step is a positive one for our businesses, our shareholders, and for all the people we serve.

Sincerely,

Miles D. White  
Chairman of the Board and Chief Executive Officer  
Abbott Laboratories



, 2012

Dear Future AbbVie Stockholder:

It is a great pleasure to welcome you as a future stockholder of our new company, AbbVie Inc., which will soon begin independent operation as an already-established health care industry leader in proprietary pharmaceuticals and biologics.

AbbVie will be a global, research-based pharmaceuticals company with a sustainable portfolio of market-leading products, including such brands as HUMIRA, Lupron, Synagis, Kaletra, and Creon and Synthroid in the United States. For our longer-term future, we have built a pipeline of new specialty medicines and formulations, including more than 20 new compounds or indications in Phase II or 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. We also have a number of new clinical indications in development for our market-leading anti-TNF biologic, HUMIRA.

AbbVie's business model is distinctly different from Abbott's diversified model. The driver of our success will be the development and commercialization of new pharmaceuticals and biologics—discovered or developed in our own laboratories or by others. As a result of the separation, our stockholders will be able to evaluate the distinct merits, performance, and future prospects of AbbVie.

I encourage you to learn more about AbbVie by reading the attached information statement. AbbVie has applied to have its common stock authorized for listing on the New York Stock Exchange under the symbol "ABBV."

Our new company has a new name, of course. But it is a name that connects us to the great heritage of Abbott, with its almost 125 years of experience, tradition, and success. We are very proud of our enduring connection to Abbott's great history, and excited about the equally great future we see ahead of us.

We at AbbVie have been given a unique opportunity to create a new company with an equally strong heritage of success. We intend to make the absolute most of it—for the sake of all the people who depend upon us: our patients, our customers, and you, our fellow stockholders.

Sincerely,

Richard A. Gonzalez  
Chairman of the Board and Chief Executive Officer  
AbbVie Inc.

Information contained herein is subject to completion or amendment. A Registration Statement on Form 10 relating to these securities has been filed with the U.S. Securities and Exchange Commission under the U.S. Securities Exchange Act of 1934, as amended.

PRELIMINARY AND SUBJECT TO COMPLETION, DATED NOVEMBER 30, 2012

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 applied to have its common stock authorized for listing 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 \_\_\_\_\_, 2012.

This information statement was first mailed to Abbott shareholders on or about \_\_\_\_\_, 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<sup>®</sup>, AndroGel<sup>®</sup>, Biaxin<sup>®</sup>, Creon<sup>®</sup>, Duodopa<sup>®</sup>, HUMIRA<sup>®</sup>, Kaletra<sup>®</sup>, Lucrin<sup>®</sup>, Lupron<sup>®</sup>, Lupron Depot<sup>®</sup>, Niaspan<sup>®</sup>, Norvir<sup>®</sup>, Sevorane<sup>®</sup>, Simcor<sup>®</sup>, Synagis<sup>®</sup>, Synthroid<sup>®</sup>, TriCor<sup>®</sup>, Trilipix<sup>®</sup>, Ultane<sup>®</sup>, and Zemplar<sup>®</sup>, 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 applied to list its common stock 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'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 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 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 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, diagnostics, 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 periods 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*. 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)							
Combined Statement of Earnings Data:							
Net Sales . . . . .	\$13,325	\$13,174	\$12,580	\$17,639	\$17,444	\$15,638	\$14,214
Costs and Expenses:							
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 . . . . .	<u>3,727</u>	<u>3,735</u>	<u>2,276</u>	<u>3,243</u>	<u>3,433</u>	<u>4,178</u>	<u>4,636</u>
Earnings per common share:							
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
Average Number of Common Shares							
Outstanding:							
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)						
Combined Balance Sheet Data:						
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)**

	<u>Historical</u>	<u>Pro Forma Adjustments</u>	<u>Pro Forma</u>
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 . . . . .	<u>9,178</u>	<u>16</u>	<u>9,194</u>
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 . . . . .	<u>\$ 3,735</u>	<u>\$ (8)</u>	<u>\$ 3,727</u>
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)

	<u>Historical</u>	<u>Pro Forma Adjustments</u>	<u>Pro Forma</u>
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 . . . . .	<u>13,824</u>	<u>204</u>	<u>14,028</u>
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)

	<u>Historical</u>	<u>Pro Forma Adjustments</u>	<u>Pro Forma</u>
Current Assets:			
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
Total Current Assets . . . . .	<u>10,931</u>	<u>2,615</u>	<u>13,546</u>
Investments . . . . .	203	—	203
Net property and equipment . . . . .	2,139	34(J)	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
Total Assets . . . . .	<u>\$22,730</u>	<u>\$ 3,218</u>	<u>\$25,948</u>
Current Liabilities:			
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
Total Current Liabilities . . . . .	<u>5,368</u>	<u>\$ 1,000</u>	<u>6,368</u>
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)
Total Liabilities and Shareholders' Equity . . . . .	<u>\$22,730</u>	<u>\$ 3,218</u>	<u>\$25,948</u>

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  $\frac{1}{8}\%$  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)						
Combined Statement of Earnings Data:							
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
Combined Balance Sheet Data:							
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 pharmaceutical 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.

Remaining rebate provisions charged against gross sales are not significant in the determination of operating earnings. (*dollars in millions*)

	<b>U.S. Pharmaceutical Products</b>		
	<b>Medicaid and Medicare Rebates</b>	<b>Pharmacy Benefit Manager Rebates</b>	<b>Wholesaler Chargebacks</b>
Balance at January 1, 2009 . . . . .	\$ 295	\$ 228	\$ 146
Provisions . . . . .	563	505	1,134
Payments . . . . .	<u>(506)</u>	<u>(494)</u>	<u>(1,120)</u>
Balance at December 31, 2009 . . . . .	352	239	160
Provisions . . . . .	899	841	1,162
Payments . . . . .	<u>(617)</u>	<u>(670)</u>	<u>(1,163)</u>
Balance at December 31, 2010 . . . . .	634	410	159
Provisions . . . . .	985	831	1,361
Payments . . . . .	<u>(899)</u>	<u>(735)</u>	<u>(1,349)</u>
Balance at December 31, 2011 . . . . .	<u>\$ 720</u>	<u>\$ 506</u>	<u>\$ 171</u>

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)						
HUMIRA							
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	—
TriCor/Trilipix							
U.S. ....	1,372	1,355	1,337	1	1	—	—
Kaletra							
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	—
Niaspan							
U.S. ....	976	927	855	5	8	—	—
AndroGel							
U.S. ....	874	649	—	35	n/m	—	n/m
Lupron							
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
Synagis							
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
Sevoflurane							
U.S. ....	88	126	160	(30)	(21)	—	—
Non-U.S. ....	577	538	561	7	(4)	4	2
Total .....	665	664	721	—	(8)	3	1
Synthroid							
U.S. ....	522	451	415	16	9	—	—
Norvir							
U.S. ....	289	241	246	20	(2)	—	—
Non-U.S. ....	130	103	103	27	—	5	—
Total .....	419	344	349	21	(2)	2	—
Zemplar							
U.S. ....	255	476	592	(46)	(20)	—	—
Non-U.S. ....	154	120	108	28	11	3	(2)
Total .....	409	596	700	(31)	(15)	1	—
Creon							
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-arthritic 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 . . . . .	<u>(0.5)</u>
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 bardoxolone 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 September 30		% Change		% Change Attributable to 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 . . . . .	<u>\$712</u>	<u>\$1,126</u>	<u>\$885</u>	<u>\$82</u>	<u>\$315</u>	<u>\$212</u>

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)
Total . . . . .	<u>\$3,221</u>		<u>\$ (4)</u>	<u>\$2,931</u>		<u>\$(20)</u>

## BUSINESS

### 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  $\alpha$ 7-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:

<u>United States</u>	<u>Outside the United States</u>
Abbott Park, Illinois*	Campoverde di Aprilia, Italy
Barceloneta, Puerto Rico	Cork, Ireland
Jayuya, Puerto Rico	Ludwigshafen, Germany
North Chicago, Illinois	Sligo, Ireland
Worcester, Massachusetts	

\* 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



Third Judicial District in Salt Lake County, Utah; *State of Louisiana*, filed in October 2010 in the Nineteenth Judicial District, Parish of Baton Rouge, Louisiana.

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.

<u>Name</u>	<u>Age</u>	<u>Position</u>
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: Thermon 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, Alpern, Burnside, and Roberts 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, Alpern, Liddy, and Rapp 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. Secondarily, 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.

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)(1)	Option Awards (\$)(2)(3)	Non-Equity Incentive Plan Compensation (\$)(4)	Change in Pension Value and Non-qualified Deferred Compensation Earnings (\$)(5)(6)	All Other Compensation (\$)(7)	Total (\$)
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
William J. Chase Vice President, Licensing and Acquisitions	2009	799,350	0	2,479,154	602,272	1,075,000	677,765	90,519	5,724,060
	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.

*Earnings, Fees and Tax Payments for Non-Qualified Defined Benefit and Non-Qualified Defined Contribution Plans (net of the reportable interest included in footnote 5).*

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			39,200				\$1,826,132(5)
	02/18/11				55,100	\$46.60	\$46.88	343,273(6)
L. J. Schumacher	02/18/11			40,900				1,905,327(5)
	02/18/11				57,500	46.60	46.88	358,225(6)
W. J. Chase	02/18/11			13,500				628,898(5)
	02/18/11				19,000	46.60	46.88	118,370(6)
C. Alban	02/18/11			32,500				1,514,013(5)
	02/18/11				45,800	46.60	46.88	285,334(6)
J. M. Leonard	02/18/11			22,200				1,034,187(5)
	02/18/11				31,200	46.60	46.88	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 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 (\$)
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 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 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	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 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 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 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 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 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.



Footnotes to Outstanding Equity Awards table:

- (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 26,666 39,200	16,666—4/06 13,333—2/19 (c)		13,333—2/19
L. J. Schumacher	21,633 38,666 57,500	21,633—2/20	19,333—2/19 19,333—2/19	19,166—2/18 19,167—2/18	32,000 15,266 26,400 40,900		32,000—2/19 (a) (b) (c)	
W. J. Chase	4,266 8,933 19,000	4,266—2/20	4,466—2/19 4,467—2/19	6,333—2/18 6,333—2/18	9,000 3,000 6,133 13,500		9,000—2/19 (a) (b) (c)	
C. Alban	5,900 7,000 23,066 45,800	5,900—2/20	7,000—10/15	11,533—2/19 11,533—2/19	21,000 4,166 4,900 15,733 32,500		21,000—2/19 (a) (d) (b) (c)	
J. M. Leonard	12,900 19,133 31,200	12,900—2/20	9,566—2/19 9,567—2/19	10,400—2/18 10,400—2/18	21,000 9,066 13,066 22,200		21,000—2/19 (a) (b) (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.

<u>Name</u>	<u>Plan Name</u>	<u>Executive contributions in last FY (\$)</u>	<u>Registrant contributions in last FY (\$)</u>	<u>Aggregate earnings in last FY (\$)(3)</u>	<u>Aggregate withdrawals/distributions (\$)</u>	<u>Aggregate balance at last FYE (\$)(4)</u>
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 will provide 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**

It is expected that, prior to the completion of the separation, AbbVie will adopt an incentive stock program with terms substantially 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 is expected to provide 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 will 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 will 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.



## CERTAIN RELATIONSHIPS AND RELATED PERSON TRANSACTIONS

### 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 entireties 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 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

United States (including Puerto Rico) through December 31, 2013, subject to changes in the ordinary course of business or as required by law.

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 all 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 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 Biaxin, 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.



## THE SEPARATION AND DISTRIBUTION

### 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 applied to list its common stock 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 applied 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

**AbbVie**  
**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 . . . . .	<u>13,823,219</u>	<u>10,920,948</u>	<u>9,282,402</u>
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 . . . . .	<u>(17,658)</u>	<u>(88,950)</u>	<u>(1,037,481)</u>
Earnings Before Taxes . . . . .	3,668,527	4,835,497	5,950,317
Taxes on Earnings . . . . .	<u>235,399</u>	<u>657,631</u>	<u>1,313,802</u>
Net Earnings . . . . .	<u>\$ 3,433,128</u>	<u>\$ 4,177,866</u>	<u>\$ 4,636,515</u>

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 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
Comprehensive Income . . . . .	\$3,119,673	\$3,784,649	\$4,843,618
 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.

**AbbVie**  
**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 . . . . .	<u>6,246,960</u>	<u>4,976,162</u>	<u>5,367,336</u>
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 . . . . .	<u>553,899</u>	<u>(5,031,764)</u>	<u>(486,355)</u>
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 . . . . .	<u>(6,783,021)</u>	<u>65,209</u>	<u>(4,881,151)</u>
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 . . . . .	<u>\$ 27,482</u>	<u>\$ 9,644</u>	<u>\$ 37</u>

The accompanying notes to combined financial statements are an integral part of this statement.

**AbbVie**  
**The Research-Based Pharmaceuticals Business of Abbott Laboratories**  
**Combined Balance Sheet**  
**(dollars in thousands)**

	<b>December 31</b>	
	<b>2011</b>	<b>2010</b>
<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
Total Assets . . . . .	\$19,657,166	\$21,134,705
<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
<b>Commitments and Contingencies</b>		
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 . . . . .	\$19,657,166	\$21,134,705

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.



**AbbVie**  
**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

**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,

**AbbVie**  
**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

## AbbVie

### 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.

AbbVie

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

**AbbVie**  
**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>

**AbbVie**  
**The Research-Based Pharmaceuticals Business of Abbott Laboratories**  
**Notes to Combined Financial Statements (Continued)**

**Note 4—Taxes on Earnings (Continued)**

	<u>2011</u>	<u>2010</u>	<u>2009</u>
	(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 . . . . .	<u>(134)</u>	<u>(113)</u>	<u>(51)</u>
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:

	<u>2011</u>	<u>2010</u>	<u>2009</u>
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 . . . . .	<u>(2.0)</u>	<u>0.9</u>	<u>0.9</u>
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

**AbbVie**  
**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.



**AbbVie**  
**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.

**AbbVie**  
**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.

**AbbVie**  
**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:

	<u>2011</u>	<u>2010</u>	<u>2009</u>
	(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 . . . . .	\$ 201	\$ 93	\$ 77
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>

**AbbVie**  
**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.

	<b>Defined Benefit Plans</b>		
	<u>2011</u>	<u>2010</u>	<u>2009</u>
	<b>(dollars in millions)</b>		
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) . . . . .	<u>2</u>	<u>1</u>	<u>(1)</u>
Total cost . . . . .	<u>\$ 31</u>	<u>\$ 32</u>	<u>\$ 28</u>

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:

	<u>2011</u>	<u>2010</u>
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:

	<u>2011</u>	<u>2010</u>	<u>2009</u>
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%

**AbbVie**  
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**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:

	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:				
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).

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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 . . . . .	<u>3</u>	<u>20</u>	<u>1</u>
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.

**AbbVie**  
**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:

	<u>(dollars in millions)</u>
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:

	<u>Year Ended December 31</u>		
	<u>2011</u>	<u>2010</u>	<u>2009</u>
	<u>(dollars in millions)</u>		
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>

**AbbVie**  
**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 . . . . .	<u>\$17,444</u>	<u>\$15,638</u>	<u>\$14,214</u>

(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



**AbbVie**  
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**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	<u>4.2</u>	<u>30,682,120</u>	<u>\$49.24</u>	<u>4.0</u>
Granted . . . . .	569,781	49.73				
Exercised . . . . .	(6,666,249)	48.30				
Lapsed . . . . .	(1,540,491)	54.77				
December 31, 2011 . . . . .	<u>25,782,943</u>	<u>\$49.77</u>	<u>4.1</u>	<u>25,177,777</u>	<u>\$49.74</u>	<u>4.0</u>

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.

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**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:

	<u>2011</u>	<u>2010</u>	<u>2009</u>
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.

	<u>(in billions of dollars)</u>
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 . . . . .	<u>(0.5)</u>
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

**AbbVie**  
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**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

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**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
	(dollars in millions)					
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	
	<u>\$39</u>	<u>\$10</u>		<u>\$43</u>	<u>\$30</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 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	
	(dollars in millions)						
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

**AbbVie**  
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**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	Carrying Value	Fair Value
	(dollars in millions)			
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 . . . . .	<u>\$ 97</u>	<u>\$58</u>	<u>\$39</u>	<u>\$ —</u>
Foreign currency forward exchange contracts . . . . .	\$ 43	\$—	\$43	\$ —
Contingent consideration related to business combinations . . . . .	349	—	—	349
Total Liabilities . . . . .	<u>\$392</u>	<u>\$—</u>	<u>\$43</u>	<u>\$349</u>
December 31, 2010:				
Equity securities . . . . .	\$ 35	\$35	\$—	\$ —
Foreign currency forward exchange contracts . . . . .	10	—	10	—
Total Assets . . . . .	<u>\$ 45</u>	<u>\$35</u>	<u>\$10</u>	<u>\$ —</u>
Foreign currency forward exchange contracts . . . . .	\$ 30	\$—	\$30	\$ —
Contingent consideration related to business combinations . . . . .	295	—	—	295
Total Liabilities . . . . .	<u>\$325</u>	<u>\$—</u>	<u>\$30</u>	<u>\$295</u>

**AbbVie**  
**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
Finite-lived intangible assets						
Developed product rights . . . . .	\$4,675	\$2,492	\$2,183	\$4,307	\$1,758	\$2,549
License agreements . . . . .	949	647	302	949	565	384
Total Finite-lived Intangible Assets . . .	<u>\$5,624</u>	<u>\$3,139</u>	<u>\$2,485</u>	<u>\$5,256</u>	<u>\$2,323</u>	<u>\$2,933</u>
Indefinite-lived intangible assets						
In-Process research and development . . . . .	425	—	425	758	—	758
Total Intangible Assets . . . . .	<u>\$6,049</u>	<u>\$3,139</u>	<u>\$2,910</u>	<u>\$6,014</u>	<u>\$2,323</u>	<u>\$3,691</u>

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

**AbbVie**  
**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.

**AbbVie**  
**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.



**AbbVie**  
**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 . . . . .	<u>\$ 3,735,358</u>	<u>\$ 2,275,565</u>

The accompanying notes to condensed combined financial statements are an integral part of this statement.

**AbbVie**  
**The Research-Based Pharmaceuticals Business of Abbott Laboratories**  
**Condensed Combined Statement of Comprehensive Income**  
**(Unaudited)**  
**(dollars in thousands)**

	<b>Nine Months Ended September 30</b>	
	<b>2012</b>	<b>2011</b>
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 . . . . .	<u>\$3,715,856</u>	<u>\$2,396,038</u>
	<b>September 30 2012</b>	<b>December 31 2011</b>
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.

**AbbVie**  
**The Research-Based Pharmaceuticals Business of Abbott Laboratories**  
**Condensed Combined Statement of Cash Flows**  
**(Unaudited)**  
**(dollars in thousands)**

	<b>Nine Months Ended September 30</b>	
	<b>2012</b>	<b>2011</b>
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.

**AbbVie**  
**The Research-Based Pharmaceuticals Business of Abbott Laboratories**  
**Condensed Combined Balance Sheet**  
**(Unaudited)**  
**(dollars in thousands)**

	<b>September 30 2012</b>	<b>December 31 2011</b>
<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 . . . . .	\$22,729,979	\$19,657,166
<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 . . . . .	\$22,729,979	\$19,657,166

The accompanying notes to condensed combined financial statements are an integral part of this statement.

**AbbVie**  
**The Research-Based Pharmaceuticals Business of Abbott Laboratories**  
**Condensed Combined Statement of Investment in AbbVie**  
**(Unaudited)**  
**(dollars in thousands)**

	<b>Nine Months Ended September 30</b>	
	<b>2012</b>	<b>2011</b>
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 . . . . .	<b>\$15,668,836</b>	<b>\$13,010,305</b>

The accompanying notes to condensed combined financial statements are an integral part of this statement.

**AbbVie**  
**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,

**AbbVie**  
**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.

**AbbVie**  
**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



**AbbVie**  
**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:

	<b>2012</b>	<b>2011</b>
	<b>(dollars in millions)</b>	
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 . . . . .	<b>\$ 24</b>	<b>\$ 23</b>

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.

**AbbVie**  
**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:

	<b>Nine Months Ended September 30</b>	
	<b>2012</b>	<b>2011</b>
	<b>(dollars in millions)</b>	
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 . . . . .	<u>\$13,174</u>	<u>\$12,580</u>

**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:

	<b>Outstanding</b>	<b>Exercisable</b>
Number of shares . . . . .	14,737,691	13,738,066
Weighted average remaining life ( <i>years</i> ) . . . . .	3.8	3.7
Weighted average exercise price . . . . .	\$ 50.58	\$ 49.95
Aggregate intrinsic value ( <i>in millions</i> ) . . . . .	\$ 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.

**AbbVie**  
**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.

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**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		Balance Sheet Caption	Fair Value—Liabilities		Balance Sheet Caption
	Sept. 30 2012	Dec. 31 2011		Sept. 30 2012	Dec. 31 2011	
			(dollars in millions)			
Foreign currency forward exchange contracts—						
Hedging instruments . . .	\$—	\$18	Deferred income taxes, prepaid expenses and other receivables	\$—	\$—	Other accrued liabilities
Others not designated as hedges . . . . .	<u>21</u>	<u>21</u>		<u>21</u>	<u>43</u>	
	<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

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**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
	(dollars in millions)			
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 . . . . .	<u>\$ 52</u>	<u>\$31</u>	<u>\$21</u>	<u>\$ —</u>
Foreign currency forward exchange contracts . . . . .	\$ 21	\$—	\$21	\$ —
Contingent consideration related to a business combination . . . . .	241	—	—	241
Total Liabilities . . . . .	<u>\$262</u>	<u>\$—</u>	<u>\$21</u>	<u>\$241</u>
December 31, 2011:				
Equity securities . . . . .	\$ 58	\$58	\$—	\$ —
Foreign currency forward exchange contracts . . . . .	39	—	39	—
Total Assets . . . . .	<u>\$ 97</u>	<u>\$58</u>	<u>\$39</u>	<u>\$ —</u>
Foreign currency forward exchange contracts . . . . .	\$ 43	\$—	\$43	\$ —
Contingent consideration related to a business combination . . . . .	349	—	—	349
Total Liabilities . . . . .	<u>\$392</u>	<u>\$—</u>	<u>\$43</u>	<u>\$349</u>

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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

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**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.

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**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.