UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2022

OR

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

For the transition period from _____ to _____

Commission File Number: 001-35565

AbbVie Inc.

(Exact name of registrant as specified in its charter)

Delaware	**32-0375147**
(State or other jurisdiction of incorporation or organization)	(I.R.S. employer identification number)

1 North Waukegan Road
North Chicago, Illinois 60064-6400

Telephone: **(847) 932-7900**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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

Large Accelerated Filer ☒	Accelerated Filer ☐
Non-Accelerated Filer ☐	Smaller reporting company ☐
	Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.01 per share	ABBV	New York Stock Exchange
		Chicago Stock Exchange
1.500% Senior Notes due 2023	ABBV23B	New York Stock Exchange
1.375% Senior Notes due 2024	ABBV24	New York Stock Exchange
1.250% Senior Notes due 2024	ABBV24B	New York Stock Exchange
0.750% Senior Notes due 2027	ABBV27	New York Stock Exchange
2.125% Senior Notes due 2028	ABBV28	New York Stock Exchange
2.625% Senior Notes due 2028	ABBV28B	New York Stock Exchange
2.125% Senior Notes due 2029	ABBV29	New York Stock Exchange
1.250% Senior Notes due 2031	ABBV31	New York Stock Exchange

As of July 27, 2022, AbbVie Inc. had 1,768,096,495 shares of common stock at $0.01 par value outstanding.

AbbVie Inc. and Subsidiaries
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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

AbbVie Inc. and Subsidiaries
Condensed Consolidated Statements of Earnings (unaudited)

(in millions, except per share data)	Three months ended June 30, 2022	Three months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
Net revenues	$ 14,583	$ 13,959	$ 28,121	$ 26,969
Cost of products sold	4,170	4,523	8,222	8,736
Selling, general and administrative	5,412	3,164	8,539	6,006
Research and development	1,609	1,767	3,106	3,434
Acquired IPR&D and milestones	269	132	414	317
Other operating income	(172)	(68)	(172)	(68)
Total operating costs and expenses	11,288	9,518	20,109	18,425
Operating earnings	3,295	4,441	8,012	8,544
Interest expense, net	532	606	1,071	1,228
Net foreign exchange loss	47	14	72	23
Other expense, net	1,533	2,658	757	2,263
Earnings before income tax expense	1,183	1,163	6,112	5,030
Income tax expense	255	394	691	706
Net earnings	928	769	5,421	4,324
Net earnings attributable to noncontrolling interest	4	3	7	5
Net earnings attributable to AbbVie Inc.	$ 924	$ 766	$ 5,414	$ 4,319
Per share data				
Basic earnings per share attributable to AbbVie Inc.	$ 0.52	$ 0.42	$ 3.04	$ 2.42
Diluted earnings per share attributable to AbbVie Inc.	$ 0.51	$ 0.42	$ 3.03	$ 2.41
Weighted-average basic shares outstanding	1,770	1,769	1,770	1,769
Weighted-average diluted shares outstanding	1,776	1,776	1,777	1,776

The accompanying notes are an integral part of these condensed consolidated financial statements.

AbbVie Inc. and Subsidiaries
Condensed Consolidated Statements of Comprehensive Income (unaudited)

(in millions)	Three months ended June 30, 2022	Three months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
Net earnings	$ 928	$ 769	$ 5,421	$ 4,324
Foreign currency translation adjustments, net of tax expense (benefit) of $(12) for the three months and $(19) for the six months ended June 30, 2022 and $1 for the three months and $(24) for the six months ended June 30, 2021	(823)	244	(1,054)	(433)
Net investment hedging activities, net of tax expense (benefit) of $146 for the three months and $183 for the six months ended June 30, 2022 and $(31) for the three months and $72 for the six months ended June 30, 2021	536	(114)	666	260
Pension and post-employment benefits, net of tax expense (benefit) of $11 for the three months and $21 for the six months ended June 30, 2022 and $14 for the three months and $33 for the six months ended June 30, 2021	48	50	76	129
Cash flow hedging activities, net of tax expense (benefit) of $5 for the three months and $3 for the six months ended June 30, 2022 and $— for the three months and $3 for the six months ended June 30, 2021	27	12	15	58
Other comprehensive income (loss)	(212)	192	(297)	14
Comprehensive income	716	961	5,124	4,338
Comprehensive income attributable to noncontrolling interest	4	3	7	5
Comprehensive income attributable to AbbVie Inc.	$ 712	$ 958	$ 5,117	$ 4,333

The accompanying notes are an integral part of these condensed consolidated financial statements.

AbbVie Inc. and Subsidiaries
Condensed Consolidated Balance Sheets

(in millions, except share data)	June 30, 2022	December 31, 2021
	(unaudited)	
Assets		
Current assets		
Cash and equivalents	$ 8,521	$ 9,746
Short-term investments	1,440	84
Accounts receivable, net	11,237	9,977
Inventories	3,396	3,128
Prepaid expenses and other	4,506	4,993
Total current assets	29,100	27,928
Investments	244	277
Property and equipment, net	4,958	5,110
Intangible assets, net	71,823	75,951
Goodwill	32,028	32,379
Other assets	5,033	4,884
Total assets	$ 143,186	$ 146,529
Liabilities and Equity		
Current liabilities		
Short-term borrowings	$ 17	$ 14
Current portion of long-term debt and finance lease obligations	11,913	12,481
Accounts payable and accrued liabilities	22,543	22,699
Total current liabilities	34,473	35,194
Long-term debt and finance lease obligations	61,002	64,189
Deferred income taxes	2,255	3,009
Other long-term liabilities	30,768	28,701
Commitments and contingencies		
Stockholders' equity		
Common stock, $0.01 par value, 4,000,000,000 shares authorized, 1,812,622,099 shares issued as of June 30, 2022 and 1,803,195,293 as of December 31, 2021	18	18
Common stock held in treasury, at cost, 44,595,448 shares as of June 30, 2022 and 34,857,597 as of December 31, 2021	(4,591)	(3,143)
Additional paid-in capital	18,906	18,305
Retained earnings	3,516	3,127
Accumulated other comprehensive loss	(3,196)	(2,899)
Total stockholders' equity	14,653	15,408
Noncontrolling interest	35	28
Total equity	14,688	15,436
Total liabilities and equity	$ 143,186	$ 146,529

The accompanying notes are an integral part of these condensed consolidated financial statements.

AbbVie Inc. and Subsidiaries
Condensed Consolidated Statements of Equity (unaudited)

(in millions)	Common shares outstanding	Common stock	Treasury stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive loss	Noncontrolling interest	Total
Balance at March 31, 2021	1,766	$ 18	$ (3,017)	$ 17,712	$ 2,292	$ (3,295)	$ 23	$ 13,733
Net earnings attributable to AbbVie Inc.	—	—	—	—	766	—	—	766
Other comprehensive income, net of tax	—	—	—	—	—	192	—	192
Dividends declared	—	—	—	—	(2,318)	—	—	(2,318)
Purchases of treasury stock	—	—	(10)	—	—	—	—	(10)
Stock-based compensation plans and other	1	—	5	224	—	—	—	229
Change in noncontrolling interest	—	—	—	—	—	—	2	2
Balance at June 30, 2021	1,767	$ 18	$ (3,022)	$ 17,936	$ 740	$ (3,103)	$ 25	$ 12,594
Balance at March 31, 2022	1,767	$ 18	$ (4,585)	$ 18,731	$ 5,103	$ (2,984)	$ 31	$ 16,314
Net earnings attributable to AbbVie Inc.	—	—	—	—	924	—	—	924
Other comprehensive loss, net of tax	—	—	—	—	—	(212)	—	(212)
Dividends declared	—	—	—	—	(2,511)	—	—	(2,511)
Purchases of treasury stock	—	—	(9)	—	—	—	—	(9)
Stock-based compensation plans and other	1	—	3	175	—	—	—	178
Change in noncontrolling interest	—	—	—	—	—	—	4	4
Balance at June 30, 2022	1,768	$ 18	$ (4,591)	$ 18,906	$ 3,516	$ (3,196)	$ 35	$ 14,688
Balance at December 31, 2020	1,765	$ 18	$ (2,264)	$ 17,384	$ 1,055	$ (3,117)	$ 21	$ 13,097
Net earnings attributable to AbbVie Inc.	—	—	—	—	4,319	—	—	4,319
Other comprehensive income, net of tax	—	—	—	—	—	14	—	14
Dividends declared	—	—	—	—	(4,634)	—	—	(4,634)
Purchases of treasury stock	(7)	—	(797)	—	—	—	—	(797)
Stock-based compensation plans and other	9	—	39	552	—	—	—	591
Change in noncontrolling interest	—	—	—	—	—	—	4	4
Balance at June 30, 2021	1,767	$ 18	$ (3,022)	$ 17,936	$ 740	$ (3,103)	$ 25	$ 12,594
Balance at December 31, 2021	1,768	$ 18	$ (3,143)	$ 18,305	$ 3,127	$ (2,899)	$ 28	$ 15,436
Net earnings attributable to AbbVie Inc.	—	—	—	—	5,414	—	—	5,414
Other comprehensive loss, net of tax	—	—	—	—	—	(297)	—	(297)
Dividends declared	—	—	—	—	(5,025)	—	—	(5,025)
Purchases of treasury stock	(10)	—	(1,479)	—	—	—	—	(1,479)
Stock-based compensation plans and other	10		31	601		—	—	632
Change in noncontrolling interest	—	—	—	—	—	—	7	7
Balance at June 30, 2022	1,768	$ 18	$ (4,591)	$ 18,906	$ 3,516	$ (3,196)	$ 35	$ 14,688

The accompanying notes are an integral part of these condensed consolidated financial statements.

AbbVie Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flows (unaudited)

(in millions) (brackets denote cash outflows)	Six months ended June 30, 2022	2021
Cash flows from operating activities		
Net earnings	$ 5,421	$ 4,324
Adjustments to reconcile net earnings to net cash from operating activities:		
Depreciation	401	407
Amortization of intangible assets	3,704	4,008
Deferred income taxes	(794)	(119)
Change in fair value of contingent consideration liabilities	861	2,349
Stock-based compensation	413	428
Acquired IPR&D and milestones	414	317
Gain on divestitures	(172)	(68)
Non-cash litigation reserve adjustments, net of cash payments	2,190	97
Other, net	(86)	(30)
Changes in operating assets and liabilities, net of acquisitions:		
Accounts receivable	(1,396)	(1,162)
Inventories	(499)	(249)
Prepaid expenses and other assets	14	(281)
Accounts payable and other liabilities	(448)	308
Income tax assets and liabilities, net	(110)	(562)
Cash flows from operating activities	9,913	9,767
Cash flows from investing activities		
Acquisitions and investments	(394)	(345)
Acquisitions of property and equipment	(305)	(383)
Purchases of investment securities	(1,411)	(56)
Sales and maturities of investment securities	50	65
Other, net	599	135
Cash flows from investing activities	(1,461)	(584)
Cash flows from financing activities		
Proceeds from issuance of long-term debt	2,000	—
Repayments of long-term debt and finance lease obligations	(4,881)	(3,461)
Dividends paid	(5,033)	(4,632)
Purchases of treasury stock	(1,479)	(797)
Proceeds from the exercise of stock options	198	144
Payments of contingent consideration liabilities	(482)	(313)
Other, net	26	1
Cash flows from financing activities	(9,651)	(9,058)
Effect of exchange rate changes on cash and equivalents	(26)	(28)
Net change in cash and equivalents	(1,225)	97
Cash and equivalents, beginning of period	9,746	8,449
Cash and equivalents, end of period	$ 8,521	$ 8,546

The accompanying notes are an integral part of these condensed consolidated financial statements.

AbbVie Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements (unaudited)

Note 1 Basis of Presentation

Basis of Historical Presentation

The unaudited interim condensed consolidated financial statements of AbbVie Inc. (AbbVie or the company) have been prepared pursuant to the rules and regulations of the U.S. Securities and Exchange Commission. Accordingly, certain information and footnote disclosures normally included in annual financial statements prepared in accordance with generally accepted accounting principles in the United States (U.S. GAAP) have been omitted. These unaudited interim condensed consolidated financial statements should be read in conjunction with the company's audited consolidated financial statements and notes included in the company's Annual Report on Form 10-K for the year ended December 31, 2021.

It is management's opinion that these financial statements include all normal and recurring adjustments necessary for a fair presentation of the company's financial position and operating results. Net revenues and net earnings for any interim period are not necessarily indicative of future or annual results.

During the three months ended March 31, 2022, AbbVie revised its classification of development milestone expense associated with licensing and collaboration arrangements in the consolidated statement of earnings. Milestone payments incurred prior to regulatory approval, which were previously included in research and development expense, are now presented as acquired IPR&D and milestones expense. The reclassification decreased research and development expense and increased acquired IPR&D and milestones expense by $35 million for the three months and $150 million for the six months ended June 30, 2021. The company believes this presentation assists users of the financial statements to better understand the total upfront and subsequent development milestone payments incurred to acquire in-process research and development projects. Prior periods have been reclassified to conform to the current period presentation. The reclassification had no impact on total operating costs and expenses, operating earnings, net earnings, net earnings attributable to AbbVie, Inc., earnings per share, or total equity. Certain other reclassifications were made to conform the prior period interim condensed consolidated financial statements to the current period presentation.

Note 2 Supplemental Financial Information

Interest Expense, Net

	Three months ended June 30,		Six months ended June 30,	
(in millions)	2022	2021	2022	2021
Interest expense	$ 556	$ 615	$ 1,104	$ 1,247
Interest income	(24)	(9)	(33)	(19)
Interest expense, net	$ 532	$ 606	$ 1,071	$ 1,228

Inventories

(in millions)	June 30, 2022	December 31, 2021
Finished goods	$ 1,158	$ 932
Work-in-process	1,250	1,193
Raw materials	988	1,003
Inventories	$ 3,396	$ 3,128

Property and Equipment, Net

(in millions)	June 30, 2022	December 31, 2021
Property and equipment, gross	$ 10,827	$ 10,727
Accumulated depreciation	(5,869)	(5,617)
Property and equipment, net	$ 4,958	$ 5,110

Depreciation expense was $203 million for the three months and $401 million for the six months ended June 30, 2022 and $201 million for the three months and $407 million for the six months ended June 30, 2021.

Note 3 Earnings Per Share

AbbVie grants certain restricted stock units (RSUs) that are considered to be participating securities. Due to the presence of participating securities, AbbVie calculates earnings per share (EPS) using the more dilutive of the treasury stock or the two-class method. For all periods presented, the two-class method was more dilutive.

The following table summarizes the impact of the two-class method:

	Three months ended June 30,		Six months ended June 30,	
(in millions, except per share data)	2022	2021	2022	2021
Basic EPS				
Net earnings attributable to AbbVie Inc.	$ 924	$ 766	$ 5,414	$ 4,319
Earnings allocated to participating securities	11	17	26	34
Earnings available to common shareholders	$ 913	$ 749	$ 5,388	$ 4,285
Weighted-average basic shares outstanding	1,770	1,769	1,770	1,769
Basic earnings per share attributable to AbbVie Inc.	$ 0.52	$ 0.42	$ 3.04	$ 2.42
Diluted EPS				
Net earnings attributable to AbbVie Inc.	$ 924	$ 766	$ 5,414	$ 4,319
Earnings allocated to participating securities	11	17	26	34
Earnings available to common shareholders	$ 913	$ 749	$ 5,388	$ 4,285
Weighted-average shares of common stock outstanding	1,770	1,769	1,770	1,769
Effect of dilutive securities	6	7	7	7
Weighted-average diluted shares outstanding	1,776	1,776	1,777	1,776
Diluted earnings per share attributable to AbbVie Inc.	$ 0.51	$ 0.42	$ 3.03	$ 2.41

Certain shares issuable under stock-based compensation plans were excluded from the computation of EPS because the effect would have been antidilutive. The number of common shares excluded was insignificant for all periods presented.

Note 4 Licensing, Acquisitions and Other Arrangements

Cash outflows related to acquisitions and investments totaled $394 million for the six months ended June 30, 2022 and $345 million for the six months ended June 30, 2021. AbbVie recorded acquired IPR&D and milestones charges of $269 million for the three months and $414 million for the six months ended June 30, 2022 and $132 million for the three months and $317 million for the six months ended June 30, 2021.

Syndesi Therapeutics SA

In February 2022, AbbVie acquired Syndesi Therapeutics SA and its portfolio of novel modulators of the synaptic vesicle protein 2A, including its lead molecule SDI-118 and accounted for the transaction as an asset acquisition. SDI-118 is a small molecule currently in Phase 1b studies, which is being evaluated to target nerve terminals to enhance synaptic efficiency. Under the terms of the agreement, AbbVie made an upfront payment of $130 million which was recorded to acquired IPR&D and milestones expense in the

condensed consolidated statement of earnings in the first quarter of 2022. The agreement also includes additional future payments of up to $870 million upon the achievement of certain development, regulatory and commercial milestones.

Juvise Pharmaceuticals

In June 2022, AbbVie and Laboratories Juvise Pharmaceuticals (Juvise) entered into an asset purchase agreement where Juvise acquired worldwide commercial rights of a mature brand Pylera, which is used for the treatment of peptic ulcers with an infection by the bacterium Helicobacter pylori. The transaction was accounted for as the sale of an asset. Upon completion of the transaction, AbbVie received net cash proceeds of $215 million and recognized a pre-tax gain of $172 million which was recorded in other operating income in the condensed consolidated statement of earnings in the second quarter of 2022.

Note 5 Collaborations

The company has ongoing transactions with other entities through collaboration agreements. The following represent the significant collaboration agreements impacting the periods ended June 30, 2022 and 2021.

Collaboration with Janssen Biotech, Inc.

In December 2011, Pharmacyclics, a wholly-owned subsidiary of AbbVie, entered into a worldwide collaboration and license agreement with Janssen Biotech, Inc. and its affiliates (Janssen), one of the Janssen Pharmaceutical companies of Johnson & Johnson, for the joint development and commercialization of Imbruvica, a novel, orally active, selective covalent inhibitor of Bruton's tyrosine kinase and certain compounds structurally related to Imbruvica, for oncology and other indications, excluding all immune and inflammatory mediated diseases or conditions and all psychiatric or psychological diseases or conditions, in the United States and outside the United States.

The collaboration provides Janssen with an exclusive license to commercialize Imbruvica outside of the United States and co-exclusively with AbbVie in the United States. Both parties are responsible for the development, manufacturing and marketing of any products generated as a result of the collaboration. The collaboration has no set duration or specific expiration date and provides for potential future development, regulatory and approval milestone payments of up to $200 million to AbbVie. The collaboration also includes a cost sharing arrangement for associated collaboration activities. Except in certain cases, Janssen is responsible for approximately 60% of collaboration development costs and AbbVie is responsible for the remaining 40% of collaboration development costs.

In the United States, both parties have co-exclusive rights to commercialize the products; however, AbbVie is the principal in the end-customer product sales. AbbVie and Janssen share pre-tax profits and losses equally from the commercialization of products. Sales of Imbruvica are included in AbbVie's net revenues. Janssen's share of profits is included in AbbVie's cost of products sold. Other costs incurred under the collaboration are reported in their respective expense line items, net of Janssen's share.

Outside the United States, Janssen is responsible for and has exclusive rights to commercialize Imbruvica. AbbVie and Janssen share pre-tax profits and losses equally from the commercialization of products. AbbVie's share of profits is included in AbbVie's net revenues. Other costs incurred under the collaboration are reported in their respective expense line items, net of Janssen's share.

The following table shows the profit and cost sharing relationship between Janssen and AbbVie:

	Three months ended June 30,		Six months ended June 30,	
(in millions)	2022	2021	2022	2021
United States - Janssen's share of profits (included in cost of products sold)	$ 404	$ 514	$ 812	$ 979
International - AbbVie's share of profits (included in net revenues)	283	282	582	551
Global - AbbVie's share of other costs (included in respective line items)	69	74	133	144

AbbVie's receivable from Janssen, included in accounts receivable, net, was $310 million at June 30, 2022 and $294 million at December 31, 2021. AbbVie's payable to Janssen, included in accounts payable and accrued liabilities, was $389 million at June 30, 2022 and $509 million at December 31, 2021.

Collaboration with Genentech, Inc.

AbbVie and Genentech, Inc. (Genentech), a member of the Roche Group, are parties to a collaboration and license agreement executed in 2007 to jointly research, develop and commercialize human therapeutic products containing BCL-2 inhibitors and certain other compound inhibitors which includes Venclexta, a BCL-2 inhibitor used to treat certain hematological malignancies. AbbVie

shares equally with Genentech all pre-tax profits and losses from the development and commercialization of Venclexta in the United States. AbbVie pays royalties on Venclexta net revenues outside the United States.

AbbVie manufactures and distributes Venclexta globally and is the principal in the end-customer product sales. Sales of Venclexta are included in AbbVie's net revenues. Genentech's share of United States profits is included in AbbVie's cost of products sold. AbbVie records sales and marketing costs associated with the United States collaboration as part of selling, general and administrative (SG&A) expenses and global development costs as part of research and development (R&D) expenses, net of Genentech's share. Royalties paid for Venclexta revenues outside the United States are also included in AbbVie's cost of products sold.

The following table shows the profit and cost sharing relationship between Genentech and AbbVie:

	Three months ended June 30,		Six months ended June 30,	
(in millions)	2022	2021	2022	2021
Genentech's share of profits, including royalties (included in cost of products sold)	$ 196	$ 168	$ 374	$ 327
AbbVie's share of sales and marketing costs from U.S. collaboration (included in SG&A)	5	8	17	19
AbbVie's share of development costs (included in R&D)	31	34	58	76

Note 6 Goodwill and Intangible Assets

Goodwill

The following table summarizes the changes in the carrying amount of goodwill:

(in millions)	
Balance as of December 31, 2021	$ 32,379
Foreign currency translation adjustments	(351)
Balance as of June 30, 2022	$ 32,028

The company performs its annual goodwill impairment assessment in the third quarter, or earlier if impairment indicators exist. As of June 30, 2022, there were no accumulated goodwill impairment losses.

Intangible Assets, Net

The following table summarizes intangible assets:

	June 30, 2022			December 31, 2021		
(in millions)	Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount
Definite-lived intangible assets						
Developed product rights	$ 88,443	$ (21,679)	$ 66,764	$ 88,945	$ (18,463)	$ 70,482
License agreements	8,487	(4,098)	4,389	8,487	(3,688)	4,799
Total definite-lived intangible assets	96,930	(25,777)	71,153	97,432	(22,151)	75,281
Indefinite-lived intangible assets	670	—	670	670	—	670
Total intangible assets, net	$ 97,600	$ (25,777)	$ 71,823	$ 98,102	$ (22,151)	$ 75,951

Definite-Lived Intangible Assets

Amortization expense was $1.8 billion for the three months and $3.7 billion for the six months ended June 30, 2022 and $2.0 billion for the three months and $4.0 billion for the six months ended June 30, 2021. Amortization expense was included in cost of products sold in the condensed consolidated statements of earnings.

Indefinite-Lived Intangible Assets

Indefinite-lived intangible assets represent in-process research and development associated with products that have not yet received regulatory approval. The company performs its annual impairment assessment of indefinite-lived intangible assets in the third quarter, or earlier if impairment indicators exist.

Note 7 Integration and Restructuring Plans

Allergan Integration Plan

Following the closing of the Allergan acquisition, AbbVie implemented an integration plan designed to reduce costs, integrate and optimize the combined organization. To achieve these integration objectives, AbbVie expects to incur total cumulative charges of approximately $2 billion through 2022. These costs consist of severance and employee benefit costs (cash severance, non-cash severance including accelerated equity award compensation expense, retention and other termination benefits) and other integration expenses.

The following table summarizes the charges (benefits) associated with the Allergan acquisition integration plan:

	Severance and employee benefits				Other integration			
	Three months ended June 30,		Six months ended June 30,		Three months ended June 30,		Six months ended June 30,	
(in millions)	2022	2021	2022	2021	2022	2021	2022	2021
Cost of products sold	$ (5)	$ —	$ (4)	$ 6	$ 31	$ 25	$ 61	$ 40
Research and development	(2)	—	1	—	3	18	9	69
Selling, general and administrative	(4)	12	—	29	80	75	146	125
Total charges (benefits)	$ (11)	$ 12	$ (3)	$ 35	$ 114	$ 118	$ 216	$ 234

The following table summarizes the cash activity in the recorded liability associated with the integration plan for the six months ended June 30, 2022:

(in millions)	Severance and employee benefits	Other integration
Accrued balance as of December 31, 2021	$ 222	$ 33
Charges (benefits)	(3)	199
Payments and other adjustments	(90)	(220)
Accrued balance as of June 30, 2022	$ 129	$ 12

Other Restructuring

AbbVie recorded restructuring charges of $36 million for the three months and $93 million for the six months ended June 30, 2022 and $5 million for the three months and $43 million for the six months ended June 30, 2021.

The following table summarizes the cash activity in the restructuring reserve for the six months ended June 30, 2022:

(in millions)	
Accrued balance as of December 31, 2021	$ 33
Restructuring charges	72
Payments and other adjustments	(13)
Accrued balance as of June 30, 2022	$ 92

Note 8 Financial Instruments and Fair Value Measures

Risk Management Policy

See Note 11 to the company's Annual Report on Form 10-K for the year ended December 31, 2021 for a summary of AbbVie's risk management policy and use of derivative instruments.

Financial Instruments

Various AbbVie foreign subsidiaries enter into foreign currency forward exchange contracts to manage exposures to changes in foreign exchange rates for anticipated intercompany transactions denominated in a currency other than the functional currency of the local entity. These contracts, with notional amounts totaling $1.7 billion at June 30, 2022 and $1.1 billion at December 31, 2021, are designated as cash flow hedges and are recorded at fair value. The durations of these forward exchange contracts were generally less than 18 months. Accumulated gains and losses as of June 30, 2022 are reclassified from accumulated other comprehensive income (loss) (AOCI) and included in cost of products sold at the time the products are sold, generally not exceeding six months from the date of settlement.

In the third quarter of 2019, the company entered into treasury rate lock agreements with notional amounts totaling $10.0 billion to hedge exposure to variability in future cash flows resulting from changes in interest rates related to the issuance of long-term debt in connection with the acquisition of Allergan. The treasury rate lock agreements were designated as cash flow hedges and recorded at fair value. The agreements were net settled upon issuance of the senior notes in November 2019 and the resulting net gain was recognized in other comprehensive income (loss). This gain is reclassified to interest expense, net over the term of the related debt.

The company is a party to interest rate swap contracts designated as cash flow hedges with notional amounts totaling $750 million at June 30, 2022 and December 31, 2021. The effect of the hedge contracts is to change a floating-rate interest obligation to a fixed rate for that portion of the floating-rate debt. Realized and unrealized gains or losses are included in AOCI and are reclassified to interest expense, net over the lives of the floating-rate debt.

The company also enters into foreign currency forward exchange contracts to manage its exposure to foreign currency denominated trade payables and receivables and intercompany loans. These contracts are not designated as hedges and are recorded at fair value. Resulting gains or losses are reflected in net foreign exchange gain or loss in the condensed consolidated statements of earnings and are generally offset by losses or gains on the foreign currency exposure being managed. These contracts had notional amounts totaling $7.2 billion at June 30, 2022 and $8.2 billion at December 31, 2021.

The company also uses foreign currency forward exchange contracts or foreign currency denominated debt to hedge its net investments in certain foreign subsidiaries and affiliates. The company had foreign currency forward exchange contracts designated as net investment hedges with notional amounts totaling €4.8 billion at June 30, 2022 and €4.3 billion at December 31, 2021. The company also had an aggregate principal amount of senior Euro notes designated as net investment hedges of €5.9 billion at June 30, 2022 and December 31, 2021. The company uses the spot method of assessing hedge effectiveness for derivative instruments designated as net investment hedges. Realized and unrealized gains and losses from these hedges are included in AOCI and the initial fair value of hedge components excluded from the assessment of effectiveness is recognized in interest expense, net over the life of the hedging instrument.

The company is a party to interest rate swap contracts designated as fair value hedges with notional amounts totaling $4.5 billion at June 30, 2022 and December 31, 2021. The effect of the hedge contracts is to change a fixed-rate interest obligation to a floating rate for that portion of the debt. AbbVie records the contracts at fair value and adjusts the carrying amount of the fixed-rate debt by an offsetting amount.

No amounts are excluded from the assessment of effectiveness for cash flow hedges or fair value hedges.

The following table summarizes the amounts and location of AbbVie's derivative instruments on the condensed consolidated balance sheets:

	Fair value – Derivatives in asset position			Fair value – Derivatives in liability position		
(in millions)	Balance sheet caption	June 30, 2022	December 31, 2021	Balance sheet caption	June 30, 2022	December 31, 2021
Foreign currency forward exchange contracts						
Designated as cash flow hedges	Prepaid expenses and other	$ 47	$ 51	Accounts payable and accrued liabilities	$ 5	$ 2
Designated as cash flow hedges	Other assets	4	—	Other long-term liabilities	—	—
Designated as net investment hedges	Prepaid expenses and other	32	149	Accounts payable and accrued liabilities	—	—
Designated as net investment hedges	Other assets	129	15	Other long-term liabilities	—	—
Not designated as hedges	Prepaid expenses and other	22	26	Accounts payable and accrued liabilities	41	13
Interest rate swap contracts						
Designated as cash flow hedges	Prepaid expenses and other	2	—	Accounts payable and accrued liabilities	—	7
Designated as fair value hedges	Prepaid expenses and other	—	—	Accounts payable and accrued liabilities	16	—
Designated as fair value hedges	Other assets	—	26	Other long-term liabilities	256	15
Total derivatives		$ 236	$ 267		$ 318	$ 37

While certain derivatives are subject to netting arrangements with the company's counterparties, the company does not offset derivative assets and liabilities within the condensed consolidated balance sheets.

The following table presents the pre-tax amounts of gains (losses) from derivative instruments recognized in other comprehensive income (loss):

	Three months ended June 30,		Six months ended June 30,	
(in millions)	2022	2021	2022	2021
Foreign currency forward exchange contracts				
Designated as cash flow hedges	$ 53	$ (11)	$ 47	$ 24
Designated as net investment hedges	304	(14)	386	85
Interest rate swap contracts designated as cash flow hedges	2	—	6	1

Assuming market rates remain constant through contract maturities, the company expects to reclassify pre-tax gains of $73 million into cost of products sold for foreign currency cash flow hedges, pre-tax gains of $2 million into interest expense, net for interest rate swap cash flow hedges and pre-tax gains of $24 million into interest expense, net for treasury rate lock agreement cash flow hedges during the next 12 months.

Related to AbbVie's non-derivative, foreign currency denominated debt designated as net investment hedges, the company recognized in other comprehensive income (loss) pre-tax gains of $402 million for three months and pre-tax gains of $501 million for the six months ended June 30, 2022 and pre-tax losses of $126 million for the three months and pre-tax gains of $256 million for the six months ended June 30, 2021.

The following table summarizes the pre-tax amounts and location of derivative instrument net gains (losses) recognized in the condensed consolidated statements of earnings, including the net gains (losses) reclassified out of AOCI into net earnings. See Note 10 for the amount of net gains (losses) reclassified out of AOCI.

(in millions)	Statement of earnings caption	Three months ended June 30, 2022	Three months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
Foreign currency forward exchange contracts					
Designated as cash flow hedges	Cost of products sold	$ 18	$ (22)	$ 26	$ (34)
Designated as net investment hedges	Interest expense, net	24	5	38	9
Not designated as hedges	Net foreign exchange loss	(123)	(3)	(164)	(28)
Treasury rate lock agreements designated as cash flow hedges	Interest expense, net	6	6	12	12
Interest rate swap contracts					
Designated as cash flow hedges	Interest expense, net	(1)	(7)	(3)	(14)
Designated as fair value hedges	Interest expense, net	(99)	(11)	(283)	(68)
Debt designated as hedged item in fair value hedges	Interest expense, net	99	11	283	68

Fair Value Measures

The fair value hierarchy consists of the following three levels:

- Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets that the company has the ability to access;
- Level 2 – Valuations based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuations in which all significant inputs are observable in the market; and
- Level 3 – Valuations using significant inputs that are unobservable in the market and include the use of judgment by the company's management about the assumptions market participants would use in pricing the asset or liability.

The following table summarizes the bases used to measure certain assets and liabilities carried at fair value on a recurring basis on the condensed consolidated balance sheet as of June 30, 2022:

(in millions)	Total	Basis of fair value measurement: Quoted prices in active markets for identical assets (Level 1)	Basis of fair value measurement: Significant other observable inputs (Level 2)	Basis of fair value measurement: Significant unobservable inputs (Level 3)
Assets				
Cash and equivalents	$ 8,521	$ 4,212	$ 4,309	$ —
Money market funds and time deposits	1,425	—	1,425	—
Debt securities	37	—	37	—
Equity securities	74	54	20	—
Interest rate swap contracts	2	—	2	—
Foreign currency contracts	234	—	234	—
Total assets	$ 10,293	$ 4,266	$ 6,027	$ —
Liabilities				
Interest rate swap contracts	$ 272	$ —	$ 272	$ —
Foreign currency contracts	46	—	46	—
Contingent consideration	15,178	—	—	15,178
Total liabilities	$ 15,496	$ —	$ 318	$ 15,178

The following table summarizes the bases used to measure certain assets and liabilities carried at fair value on a recurring basis on the condensed consolidated balance sheet as of December 31, 2021:

		Basis of fair value measurement		
(in millions)	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets				
Cash and equivalents	$ 9,746	$ 4,451	$ 5,295	$ —
Money market funds and time deposits	45	—	45	—
Debt securities	46	—	46	—
Equity securities	121	100	21	—
Interest rate swap contracts	26	—	26	—
Foreign currency contracts	241	—	241	—
Total assets	$ 10,225	$ 4,551	$ 5,674	$ —
Liabilities				
Interest rate swap contracts	$ 22	$ —	$ 22	$ —
Foreign currency contracts	15	—	15	—
Contingent consideration	14,887	—	—	14,887
Total liabilities	$ 14,924	$ —	$ 37	$ 14,887

Money market funds and time deposits are valued using relevant observable market inputs including quoted prices for similar assets and interest rate curves. Equity securities consist of investments for which the fair values were determined by using the published market price per unit multiplied by the number of units held, without consideration of transaction costs. The derivatives entered into by the company were valued using observable market inputs including published interest rate curves and both forward and spot prices for foreign currencies.

The fair value measurements of contingent consideration liabilities were determined based on significant unobservable inputs, including the discount rate, estimated probabilities and timing of achieving specified development, regulatory and commercial milestones and the estimated amount of future sales of the acquired products. Potential contingent consideration payments are estimated by applying a probability-weighted expected payment model for contingent milestone payments and a Monte Carlo simulation model for contingent royalty payments, which are then discounted to present value. Changes to the fair value of the contingent consideration liabilities can result from changes to one or a number of inputs, including discount rates, probabilities of achieving the milestones, time required to achieve the milestones and estimated future sales. Significant judgment is employed in determining the appropriateness of certain of these inputs. Changes to the inputs described above could have a material impact on the company's financial position and results of operations in any given period.

The fair value of the company's contingent consideration liabilities was calculated using the following significant unobservable inputs:

	June 30, 2022		December 31, 2021	
(in millions)	Range	Weighted average[a]	Range	Weighted average[a]
Discount rate	2.4% - 4.8%	4.1%	0.2%- 2.6%	1.7%
Probability of payment for unachieved milestones	89% - 100%	95%	89% - 100%	90%
Probability of payment for royalties by indication[b]	56% - 100%	99%	56% - 100%	96%
Projected year of payments	2022 - 2034	2027	2022 - 2034	2027

(a) Unobservable inputs were weighted by the relative fair value of the contingent consideration liabilities.

(b) Excluding approved indications, the estimated probability of payment ranged from 56% to 89% at June 30, 2022 and December 31, 2021.

There have been no transfers of assets or liabilities into or out of Level 3 of the fair value hierarchy. The following table presents the changes in fair value of total contingent consideration liabilities which are measured using Level 3 inputs:

(in millions)	Six months ended June 30, 2022	2021
Beginning balance	$ 14,887	$ 12,997
Change in fair value recognized in net earnings	861	2,349
Payments	(570)	(357)
Ending balance	$ 15,178	$ 14,989

The change in fair value recognized in net earnings is recorded in other expense, net in the condensed consolidated statements of earnings.

Certain financial instruments are carried at historical cost or some basis other than fair value. The book values, approximate fair values and bases used to measure the approximate fair values of certain financial instruments as of June 30, 2022 are shown in the table below:

			Basis of fair value measurement		
(in millions)	Book value	Approximate fair value	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Liabilities					
Short-term borrowings	$ 17	$ 17	$ —	$ 17	$ —
Current portion of long-term debt and finance lease obligations, excluding fair value hedges	11,918	11,906	11,549	357	—
Long-term debt and finance lease obligations, excluding fair value hedges	61,202	57,471	56,674	797	—
Total liabilities	$ 73,137	$ 69,394	$ 68,223	$ 1,171	$ —

The book values, approximate fair values and bases used to measure the approximate fair values of certain financial instruments as of December 31, 2021 are shown in the table below:

			Basis of fair value measurement		
(in millions)	Book value	Approximate fair value	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Liabilities					
Short-term borrowings	$ 14	$ 14	$ —	$ 14	$ —
Current portion of long-term debt and finance lease obligations, excluding fair value hedges	12,455	11,830	11,329	501	—
Long-term debt and finance lease obligations, excluding fair value hedges	64,113	71,810	70,757	1,053	—
Total liabilities	$ 76,582	$ 83,654	$ 82,086	$ 1,568	$ —

AbbVie also holds investments in equity securities that do not have readily determinable fair values. The company records these investments at cost and remeasures them to fair value based on certain observable price changes or impairment events as they occur. The carrying amount of these investments was $148 million as of June 30, 2022 and $149 million as of December 31, 2021. No significant cumulative upward or downward adjustments have been recorded for these investments as of June 30, 2022.

Concentrations of Risk

Of total net accounts receivable, three U.S. wholesalers accounted for 76% as of June 30, 2022 and 75% as of December 31, 2021, and substantially all of AbbVie's pharmaceutical product net revenues in the United States were to these three wholesalers.

Humira (adalimumab) is AbbVie's single largest product and accounted for approximately 36% of AbbVie's total net revenues for the six months ended June 30, 2022 and 37% for the six months ended June 30, 2021.

Debt and Credit Facilities

In January 2022, the company repaid $2.9 billion aggregate principal amount of 3.45% senior notes that were scheduled to mature in March 2022. This repayment was made by exercising, under the terms of the notes, 60-day early redemption at 100% of the principal amount.

In February 2022, the company refinanced its $2.0 billion floating rate five-year term loan. As part of the refinancing, the company repaid the existing $2.0 billion term loan due May 2025 and borrowed $2.0 billion under a new term loan at a lower floating rate. All other significant terms of the loan, including the maturity date, remained unchanged after the refinancing.

Subsequent to June 30, 2022, the company repaid $1.7 billion aggregate principal amount of 3.25% senior notes that were scheduled to mature in October 2022. This repayment was made by exercising, under the terms of the notes, 90-day early redemption at 100% of the principal amount.

In April 2021, the company repaid $1.8 billion aggregate principal amount of 2.3% senior notes that were scheduled to mature in May 2021. In May 2021, the company repaid €750 million aggregate principal amount of 0.5% senior euro notes that were scheduled to mature in June 2021. These repayments were made by exercising, under the terms of the notes, 30-day early redemptions at 100% of the principal amounts. The company also repaid $750 million aggregate principal amount of floating rate senior notes at maturity in May 2021.

Note 9 Post-Employment Benefits

The following table summarizes net periodic benefit cost relating to the company's defined benefit and other post-employment plans:

	Defined benefit plans				Other post-employment plans			
	Three months ended June 30,		Six months ended June 30,		Three months ended June 30,		Six months ended June 30,	
(in millions)	2022	2021	2022	2021	2022	2021	2022	2021
Service cost	$ 113	$ 109	$ 229	$ 221	$ 13	$ 12	$ 25	$ 24
Interest cost	75	60	149	118	6	4	12	9
Expected return on plan assets	(179)	(166)	(359)	(332)	—	—	—	—
Amortization of prior service cost (credit)	—	—	1	1	(9)	(9)	(19)	(19)
Amortization of actuarial loss	59	75	116	145	6	8	13	16
Net periodic benefit cost	$ 68	$ 78	$ 136	$ 153	$ 16	$ 15	$ 31	$ 30

The components of net periodic benefit cost other than service cost are included in other expense, net in the condensed consolidated statements of earnings.

Note 10 Equity

Stock-Based Compensation

In May 2021, stockholders of the company approved the AbbVie Amended and Restated 2013 Incentive Stock Program (the Amended Plan), which amends and restates the AbbVie 2013 Incentive Stock Program. Stock-based compensation expense is principally related to awards issued pursuant to the AbbVie 2013 Incentive Stock Program and the Amended Plan and is summarized as follows:

	Three months ended June 30,		Six months ended June 30,	
(in millions)	2022	2021	2022	2021
Cost of products sold	$ 6	$ 10	$ 25	$ 30
Research and development	40	47	147	134
Selling, general and administrative	61	102	241	264
Pre-tax compensation expense	107	159	413	428
Tax benefit	21	26	77	74
After-tax compensation expense	$ 86	$ 133	$ 336	$ 354

Stock Options

During the six months ended June 30, 2022, primarily in connection with the company's annual grant, AbbVie granted 0.9 million stock options with a weighted-average grant-date fair value of $22.83. As of June 30, 2022, $10 million of unrecognized compensation cost related to stock options is expected to be recognized as expense over approximately the next two years.

RSUs and Performance Shares

During the six months ended June 30, 2022, primarily in connection with the company's annual grant, AbbVie granted 5.8 million RSUs and performance shares with a weighted-average grant-date fair value of $146.20. As of June 30, 2022, $824 million of unrecognized compensation cost related to RSUs and performance shares is expected to be recognized as expense over approximately the next two years.

Cash Dividends

The following table summarizes quarterly cash dividends declared during 2022 and 2021:

2022			2021		
Date Declared	Payment Date	Dividend Per Share	Date Declared	Payment Date	Dividend Per Share
06/23/22	08/15/22	$ 1.41	10/29/21	02/15/22	$ 1.41
02/17/22	05/16/22	$ 1.41	09/10/21	11/15/21	$ 1.30
			06/17/21	08/16/21	$ 1.30
			02/18/21	05/14/21	$ 1.30

Stock Repurchase Program

The company's stock repurchase authorization permits purchases of AbbVie shares from time to time in open-market or private transactions at management's discretion. The program has no time limit and can be discontinued at any time. Shares repurchased under this program are recorded at acquisition cost, including related expenses, and are available for general corporate purposes.

AbbVie repurchased 8 million shares for $1.1 billion during the six months ended June 30, 2022 and 5 million shares for $550 million during the six months ended June 30, 2021. AbbVie's remaining stock repurchase authorization was approximately $1.4 billion as of June 30, 2022.

Accumulated Other Comprehensive Loss

The following table summarizes the changes in each component of accumulated other comprehensive loss, net of tax, for the six months ended June 30, 2022:

(in millions)	Foreign currency translation adjustments	Net investment hedging activities	Pension and post-employment benefits	Cash flow hedging activities	Total
Balance as of December 31, 2021	$ (570)	$ (91)	$ (2,546)	$ 308	$ (2,899)
Other comprehensive income (loss) before reclassifications	(1,054)	696	(11)	45	(324)
Net losses (gains) reclassified from accumulated other comprehensive loss	—	(30)	87	(30)	27
Net current-period other comprehensive income (loss)	(1,054)	666	76	15	(297)
Balance as of June 30, 2022	$ (1,624)	$ 575	$ (2,470)	$ 323	$ (3,196)

Other comprehensive loss for the six months ended June 30, 2022 included foreign currency translation adjustments totaling a loss of $1.1 billion and the offsetting impact of net investment hedging activities totaling a gain of $666 million, which were principally due to the impact of the weakening of the Euro on the translation of the company's Euro-denominated assets.

The following table summarizes the changes in each component of accumulated other comprehensive loss, net of tax, for the six months ended June 30, 2021:

(in millions)	Foreign currency translation adjustments	Net investment hedging activities	Pension and post-employment benefits	Cash flow hedging activities	Total
Balance as of December 31, 2020	$ 583	$ (790)	$ (3,067)	$ 157	$ (3,117)
Other comprehensive income (loss) before reclassifications	(433)	267	16	27	(123)
Net losses (gains) reclassified from accumulated other comprehensive loss	—	(7)	113	31	137
Net current-period other comprehensive income (loss)	(433)	260	129	58	14
Balance as of June 30, 2021	$ 150	$ (530)	$ (2,938)	$ 215	$ (3,103)

Other comprehensive income for the six months ended June 30, 2021 included foreign currency translation adjustments totaling a loss of $433 million and the offsetting impact of net investment hedging activities totaling a gain of $260 million, which was principally due to the impact of the weakening of the Euro on the translation of the company's Euro-denominated assets.

The following table presents the impact on AbbVie's condensed consolidated statements of earnings for significant amounts reclassified out of each component of accumulated other comprehensive loss:

(in millions) (brackets denote gains)	Three months ended June 30, 2022	Three months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
Net investment hedging activities				
Gains on derivative amount excluded from effectiveness testing[a]	$ (24)	$ (5)	$ (38)	$ (9)
Tax expense	6	1	8	2
Total reclassifications, net of tax	$ (18)	$ (4)	$ (30)	$ (7)
Pension and post-employment benefits				
Amortization of actuarial losses and other[b]	$ 56	$ 74	$ 111	$ 143
Tax benefit	(12)	(16)	(24)	(30)
Total reclassifications, net of tax	$ 44	$ 58	$ 87	$ 113
Cash flow hedging activities				
Losses (gains) on foreign currency forward exchange contracts[c]	$ (18)	$ 22	$ (26)	$ 34
Gains on treasury rate lock agreements[a]	(6)	(6)	(12)	(12)
Losses on interest rate swap contracts[a]	1	7	3	14
Tax expense (benefit)	4	(3)	5	(5)
Total reclassifications, net of tax	$ (19)	$ 20	$ (30)	$ 31

(a) Amounts are included in interest expense, net (see Note 8).

(b) Amounts are included in the computation of net periodic benefit cost (see Note 9).

(c) Amounts are included in cost of products sold (see Note 8).

Note 11 Income Taxes

The effective tax rate was 22% for the three months and 11% for the six months ended June 30, 2022 compared to 34% for the three months and 14% for the six months ended June 30, 2021. The effective tax rate in each period differed from the U.S. statutory tax rate of 21% principally due to the impact of foreign operations which reflects the impact of lower income tax rates in locations outside the United States, tax incentives in Puerto Rico and other foreign tax jurisdictions, business development activities and accretion on contingent consideration. The decrease in the effective tax rate for the three and six months ended June 30, 2022 over the prior year was primarily due to differences in the company's jurisdictional mix of earnings and accretion on contingent consideration.

Due to the potential for resolution of federal, state and foreign examinations and the expiration of various statutes of limitations, it is reasonably possible that the company's gross unrecognized tax benefits balance may change within the next 12 months by up to $145 million.

Note 12 Legal Proceedings and Contingencies

AbbVie is subject to contingencies, such as various claims, legal proceedings and investigations regarding product liability, intellectual property, commercial, securities and other matters that arise in the normal course of business. The most significant matters are described below. 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 within a probable range is recorded. For litigation matters discussed below for which a loss is probable or reasonably possible, the company is unable to estimate the possible loss or range of loss, if any, beyond the amounts accrued. Initiation of new legal proceedings or a change in the status of existing proceedings may result in a change in the estimated loss accrued by AbbVie. While it is not feasible to predict the outcome of all proceedings and exposures with certainty, management believes that their ultimate disposition should not have a material adverse effect on AbbVie's consolidated financial position, results of operations or cash flows.

Subject to certain exceptions specified in the separation agreement by and between Abbott and AbbVie, AbbVie assumed the liability for, and control of, all pending and threatened legal matters related to its 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 Abbott for any liability arising out of or resulting from such assumed legal matters.

Antitrust Litigation

Lawsuits are pending against AbbVie and others generally alleging that the 2005 patent litigation settlement involving Niaspan entered into between Kos Pharmaceuticals, Inc. (a company acquired by Abbott in 2006 and presently a subsidiary of AbbVie) and a generic company violates federal and state antitrust laws and state unfair and deceptive trade practices and unjust enrichment laws. Plaintiffs generally seek monetary damages and/or injunctive relief and attorneys' fees. The lawsuits pending in federal court consist of four individual plaintiff lawsuits and two consolidated purported class actions: one brought by Niaspan direct purchasers and one brought by Niaspan end-payors. The cases are pending in the United States District Court for the Eastern District of Pennsylvania for coordinated or consolidated pre-trial proceedings under the MDL Rules as *In re: Niaspan Antitrust Litigation*, MDL No. 2460. In August 2019, the court certified a class of direct purchasers of Niaspan. In June 2020 and August 2021, the court denied the end-payors' motion to certify a class. In October 2016, the Orange County, California District Attorney's Office filed a lawsuit on behalf of the State of California regarding the Niaspan patent litigation settlement in Orange County Superior Court, asserting a claim under the unfair competition provision of the California Business and Professions Code seeking injunctive relief, restitution, civil penalties and attorneys' fees.

In August 2019, direct purchasers of AndroGel filed a lawsuit, King Drug Co. of Florence, Inc., et al. v. AbbVie Inc., et al., against AbbVie and others in the United States District Court for the Eastern District of Pennsylvania, alleging that 2006 patent litigation settlements and related agreements by Solvay Pharmaceuticals, Inc. (a company Abbott acquired in February 2010 and now known as AbbVie Products LLC) with three generic companies violated federal antitrust law, and also alleging that 2011 patent litigation by Abbott with two generic companies regarding AndroGel was sham litigation and the settlements of those litigations violated federal antitrust law. Plaintiffs generally seek monetary damages and/or injunctive relief and attorneys' fees. In May 2020, Perrigo Company and related entities filed a lawsuit against AbbVie and others, alleging that Abbott's 2011 AndroGel patent lawsuit filed against Perrigo was sham litigation. In September 2021, the United States District Court for the District of New Jersey granted AbbVie's motion for judgment on the pleadings in the Perrigo lawsuit, dismissing it with prejudice. Perrigo has appealed the dismissal.

Between March and May 2019, 12 putative class action lawsuits were filed in the United States District Court for the Northern District of Illinois by indirect Humira purchasers, alleging that AbbVie's settlements with biosimilar manufacturers and AbbVie's Humira patent portfolio violated state and federal antitrust laws. The court consolidated these lawsuits as *In re: Humira (Adalimumab) Antitrust Litigation*. In June 2020, the court dismissed the consolidated litigation with prejudice. The plaintiffs have appealed the dismissal.

Lawsuits are pending against Forest Laboratories, LLC, an AbbVie subsidiary, and others generally alleging that 2009 and 2010 patent litigation settlements involving Namenda entered into between Forest and generic companies and other conduct by Forest involving Namenda, violated state antitrust, unfair and deceptive trade practices and unjust enrichment laws. Plaintiffs generally seek monetary damages and/or injunctive relief and attorneys' fees. The lawsuits, purported class actions filed by indirect purchasers of Namenda, are consolidated as *In re: Namenda Indirect Purchaser Antitrust Litigation* in the United States District Court for the Southern District of New York.

Lawsuits are pending against Allergan Inc., an Allergan subsidiary, generally alleging that Allergan's petitioning to the U.S. Patent Office and Food and Drug Administration and other conduct by Allergan involving Restasis violated federal and state antitrust laws and state unfair and deceptive trade practices and unjust enrichment laws. Plaintiffs generally seek monetary damages, injunctive relief and attorneys' fees. The lawsuits, certified as a class action filed on behalf of indirect purchasers of Restasis, are consolidated for pre-trial purposes in the United States District Court for the Eastern District of New York under the MDL Rules as In re: Restasis (Cyclosporine Ophthalmic Emulsion) Antitrust Litigation, MDL No. 2819. In May 2021, the parties reached an agreement to settle this matter that is subject to final court approval.

Lawsuits are pending against Forest Laboratories, LLC and others generally alleging that 2012 and 2013 patent litigation settlements involving Bystolic with six generic manufacturers violated federal and state antitrust laws and state unfair and deceptive trade practices and unjust enrichment laws. Plaintiffs generally seek monetary damages and/or injunctive relief and attorneys' fees. The lawsuits, purported class actions filed on behalf of direct and indirect purchasers of Bystolic, are consolidated as *In re: Bystolic Antitrust Litigation* in the United States District Court for the Southern District of New York.

Government Proceedings

Lawsuits are pending against Allergan and several other manufacturers generally alleging that they improperly promoted and sold prescription opioid products. Approximately 3,031 matters are pending against Allergan. The federal court cases are consolidated for pre-trial purposes in the United States District Court for the Northern District of Ohio under the MDL rules as In re: National

Prescription Opiate Litigation, MDL No. 2804. Approximately 266 matters are pending in various state courts. The plaintiffs in these cases, which include states, counties, cities, other municipal entities, Native American tribes, union trust funds and other third-party payors, private hospitals and personal injury claimants, generally seek compensatory and punitive damages. In May and July 2022, Allergan reached settlements with the State of West Virginia and its political subdivisions and with the City and County of San Francisco, California, respectively. Allergan previously reached settlements with other plaintiffs. Allergan is engaged in negotiations with representatives for the remaining states, counties, cities, other municipal entities and Native American tribes regarding a potential settlement, with payments likely to be made over a number of years. While negotiations are on-going and definitive terms have not been reached, a framework for an agreement exists, including an estimate of a potential settlement amount based on maximum participation in the potential settlement. AbbVie recorded a charge of $2.1 billion to selling, general and administrative expense in the consolidated statement of earnings in the second quarter of 2022 related to this potential settlement.

In July 2019, the New Mexico Attorney General filed a lawsuit, *State of New Mexico ex rel. Balderas v. AbbVie Inc., et al.*, in New Mexico District Court for Santa Fe County against AbbVie and other companies alleging their marketing of AndroGel violated New Mexico's Unfair Practices Act. In October 2020, the state added a claim under the New Mexico False Advertising Act. In July 2022, the parties reached an agreement in principle to settle this matter.

Shareholder and Securities Litigation

In June 2016, a lawsuit, Elliott Associates, L.P., et al. v. AbbVie Inc., was filed by five investment funds against AbbVie in the Cook County, Illinois Circuit Court alleging that AbbVie made misrepresentations and omissions in connection with its proposed transaction with Shire. Similar lawsuits were filed between July 2017 and October 2019 against AbbVie and in some instances its chief executive officer in the same court by additional investment funds. The court granted motions dismissing the claims of three investment-fund plaintiffs, which they appealed. One appeal was dismissed with prejudice in August 2021. In the other two appeals, the Illinois Appellate Court affirmed the dismissal of one in March 2021 and affirmed the dismissal of the other in February 2022. One of these plaintiffs refiled its lawsuit in the New York Supreme Court for the County of New York, where it was dismissed in November 2020, and that dismissal was affirmed by the Supreme Court of New York, Appellate Division, in January 2022. In September 2021, the Illinois court granted AbbVie's motion for summary judgment against all remaining plaintiffs on all the remaining claims, dismissing them with prejudice. Those plaintiffs have appealed the dismissals.

In October 2018, a federal securities lawsuit, *Holwill v. AbbVie Inc., et al*., was filed in the United States District Court for the Northern District of Illinois against AbbVie, its chief executive officer and former chief financial officer, alleging that reasons stated for Humira sales growth in financial filings between 2013 and 2018 were misleading because they omitted alleged misconduct in connection with Humira patient and reimbursement support services and other services and items of value that allegedly induced Humira prescriptions. In September 2021, the court granted plaintiffs' motion to certify a class. In May 2022, a shareholder derivative lawsuit, Ranney v. Gonzalez, et al., was filed in Delaware Chancery Court, alleging that certain AbbVie directors and officers breached their fiduciary duties based on related allegations.

Lawsuits are pending against Allergan and certain of its current and former officers alleging they made misrepresentations and omissions regarding Allergan's textured breast implants. The lawsuits, which were filed by Allergan shareholders, have been consolidated in the United States District Court for the Southern District of New York as *In re: Allergan plc Securities Litigation*. The plaintiffs generally seek compensatory damages and attorneys' fees. In September 2019, the court partially granted Allergan's motion to dismiss. In September 2021, the court granted plaintiffs' motion to certify a class.

In April 2022, a federal securities lawsuit, Nakata v. AbbVie Inc., was filed in the United States District Court for the Northern District of Illinois against AbbVie and certain officers alleging misstatements regarding the potential effect that safety information about another company's product would have on the Food and Drug Administration's approval and labeling for AbbVie's Rinvoq. In May and July 2022, two shareholder derivative lawsuits, Treppel Family Trust v. Gonzalez et al., and Katcher v. Gonzalez, et al., were filed in the same court, alleging that certain AbbVie directors and officers breached fiduciary and other legal duties based on related allegations.

Product Liability and General Litigation

In 2018, a qui tam lawsuit, *U.S. ex rel. Silbersher v. Allergan Inc., et al.*, was filed in the United States District Court for the Northern District of California against several Allergan entities and others, alleging that their conduct before the U.S. Patent Office resulted in false claims for payment being made to federal and state healthcare payors for Namenda XR and Namzaric. The plaintiff-relator

seeks damages and attorneys' fees under the federal False Claims Act and state law analogues. The federal government and state governments declined to intervene in the lawsuit.

Intellectual Property Litigation

Pharmacyclics LLC, a wholly owned subsidiary of AbbVie, is seeking to enforce its patent rights relating to ibrutinib tablets (a drug Pharmacyclics sells under the trademark Imbruvica). Cases were filed in the United States District Court for the District of Delaware in March 2019 against Alvogen Pine Brook LLC and Natco Pharma Ltd.. In August 2021, the court issued a decision holding all asserted patents infringed and valid. The judgment precludes Defendants from obtaining regulatory approval and launching until the last patent expires in 2036. On August 30, 2021, Defendants appealed. Janssen Biotech, Inc. which is in a global collaboration with Pharmacyclics concerning the development and marketing of Imbruvica, is the co-plaintiff in these suits.

Allergan USA, Inc., Allergan Sales, LLC and Forest Laboratories Holdings Limited, wholly owned subsidiaries of AbbVie, are seeking to enforce patent rights relating to cariprazine (a drug sold under the trademark Vraylar). Litigation was filed in the United States District Court for the District of Delaware in December 2019 against Sun Pharmaceutical Industries Limited and Sun Pharma Global FZE; Aurobindo Pharma Limited and Aurobindo Pharma USA, Inc.; and Zydus Pharmaceuticals (USA), Inc. and Cadila Healthcare Limited. Allergan alleges defendants' proposed generic cariprazine products infringe certain patents and seeks declaratory and injunctive relief. Gedeon Richter Plc, Inc. which is in a global collaboration with Allergan concerning the development and marketing of Vraylar, is the co-plaintiff in this suit. In May 2022, the parties settled the cases and they were dismissed without prejudice.

Note 13 Segment Information

AbbVie operates as a single global business segment dedicated to the research and development, manufacturing, commercialization and sale of innovative medicines and therapies. This operating structure enables the Chief Executive Officer, as chief operating decision maker (CODM), to allocate resources and assess business performance on a global basis in order to achieve established long-term strategic goals. Consistent with this structure, a global research and development and supply chain organization is responsible for the discovery, manufacturing and supply of products. Commercial efforts that coordinate the marketing, sales and distribution of these products are organized by geographic region or therapeutic area. All of these activities are supported by a global corporate administrative staff. The determination of a single business segment is consistent with the consolidated financial information regularly reviewed by the CODM for purposes of assessing performance, allocating resources and planning and forecasting future periods.

The following table details AbbVie's worldwide net revenues:

		Three months ended June 30,		Six months ended June 30,	
(in millions)		2022	2021	2022	2021
Immunology					
Humira	United States	$ 4,664	$ 4,257	$ 8,657	$ 8,164
	International	699	811	1,442	1,771
	Total	$ 5,363	$ 5,068	$ 10,099	$ 9,935
Skyrizi	United States	$ 1,079	$ 565	$ 1,860	$ 1,046
	International	173	109	332	202
	Total	$ 1,252	$ 674	$ 2,192	$ 1,248
Rinvoq	United States	$ 412	$ 296	$ 723	$ 541
	International	180	82	334	140
	Total	$ 592	$ 378	$ 1,057	$ 681
Hematologic Oncology					
Imbruvica	United States	$ 862	$ 1,099	$ 1,736	$ 2,098
	Collaboration revenues	283	282	582	551
	Total	$ 1,145	$ 1,381	$ 2,318	$ 2,649
Venclexta	United States	$ 253	$ 223	$ 481	$ 448
	International	252	212	497	392
	Total	$ 505	$ 435	$ 978	$ 840
Aesthetics					
Botox Cosmetic	United States	$ 449	$ 366	$ 862	$ 671
	International	246	218	474	390
	Total	$ 695	$ 584	$ 1,336	$ 1,061
Juvederm Collection	United States	$ 147	$ 196	$ 295	$ 319
	International	197	232	459	430
	Total	$ 344	$ 428	$ 754	$ 749
Other Aesthetics	United States	$ 287	$ 363	$ 572	$ 663
	International	45	59	83	102
	Total	$ 332	$ 422	$ 655	$ 765
Neuroscience					
Botox Therapeutic	United States	$ 557	$ 488	$ 1,057	$ 917
	International	121	115	235	218
	Total	$ 678	$ 603	$ 1,292	$ 1,135
Vraylar	United States	$ 492	$ 432	$ 919	$ 778
Duodopa	United States	$ 26	$ 25	$ 50	$ 50
	International	94	102	191	206
	Total	$ 120	$ 127	$ 241	$ 256
Ubrelvy	United States	$ 185	$ 126	$ 323	$ 207
Qulipta	United States	$ 33	$ —	$ 44	$ —
Other Neuroscience	United States	$ 145	$ 167	$ 318	$ 323
	International	5	4	9	8
	Total	$ 150	$ 171	$ 327	$ 331

(in millions)		Three months ended June 30, 2022	Three months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
Eye Care					
Lumigan/Ganfort	United States	$ 60	$ 72	$ 127	$ 138
	International	70	77	143	154
	Total	$ 130	$ 149	$ 270	$ 292
Alphagan/Combigan	United States	$ 54	$ 102	$ 124	$ 182
	International	38	40	75	78
	Total	$ 92	$ 142	$ 199	$ 260
Restasis	United States	$ 151	$ 312	$ 386	$ 579
	International	17	15	28	28
	Total	$ 168	$ 327	$ 414	$ 607
Other Eye Care	United States	$ 142	$ 130	$ 266	$ 247
	International	185	171	339	330
	Total	$ 327	$ 301	$ 605	$ 577
Other Key Products					
Mavyret	United States	$ 203	$ 204	$ 372	$ 374
	International	195	238	406	483
	Total	$ 398	$ 442	$ 778	$ 857
Creon	United States	$ 318	$ 280	$ 605	$ 554
Linzess/Constella	United States	$ 247	$ 260	$ 480	$ 475
	International	8	8	15	15
	Total	$ 255	$ 268	$ 495	$ 490
All other		$ 1,009	$ 1,221	$ 2,220	$ 2,697
Total net revenues		$ 14,583	$ 13,959	$ 28,121	$ 26,969

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

The following is a discussion and analysis of the financial condition of AbbVie Inc. (AbbVie or the company) as of June 30, 2022 and December 31, 2021 and the results of operations for the three and six months ended June 30, 2022 and 2021. This commentary should be read in conjunction with the Condensed Consolidated Financial Statements and accompanying notes appearing in Item 1, "Financial Statements and Supplementary Data."

EXECUTIVE OVERVIEW

Company Overview

AbbVie is a global, diversified research-based biopharmaceutical company positioned for success with a comprehensive product portfolio that has leadership positions across immunology, oncology, aesthetics, neuroscience and eye care. AbbVie uses its expertise, dedicated people and unique approach to innovation to develop and market advanced therapies that address some of the world's most complex and serious diseases.

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. Certain products (including aesthetic products and devices) are also sold directly to physicians and other licensed healthcare providers. In the United States, AbbVie distributes pharmaceutical products principally through independent wholesale distributors, with some sales directly to retailers, pharmacies, patients or other customers. Outside the United States, AbbVie sells products primarily to customers or through distributors, depending on the market served. Certain products are co-marketed or co-promoted with other companies. AbbVie has approximately 50,000 employees. AbbVie operates as a single global business segment.

2022 Strategic Objectives

AbbVie's mission is to discover and develop innovative medicines and products that solve serious health issues today and address the medical challenges of tomorrow while achieving top-tier financial performance through outstanding execution. AbbVie intends to continue to advance its mission in a number of ways, including: (i) maximizing the benefits of a diversified revenue base with multiple long-term growth drivers; (ii) growing revenues by leveraging AbbVie's commercial strength and international infrastructure across therapeutic areas and ensuring strong commercial execution of new product launches; (iii) continuing to invest in and expand its pipeline in support of opportunities in immunology, oncology, aesthetics, neuroscience and eye care as well as continued investment in key on-market products; (iv) expanding operating margins; and (v) returning cash to shareholders via a strong and growing dividend while also reducing debt. In addition, AbbVie anticipates several regulatory submissions and data readouts from key clinical trials in the next 12 months.

Financial Results

The company's financial performance for the six months ended June 30, 2022 included delivering worldwide net revenues of $28.1 billion, operating earnings of $8.0 billion, diluted earnings per share of $3.03 and cash flows from operations of $9.9 billion. Worldwide net revenues grew by 4% on a reported basis and 6% on a constant currency basis, reflecting growth across its immunology, neuroscience and aesthetics portfolios.

Diluted earnings per share was $3.03 for the six months ended June 30, 2022 and included the following after-tax costs: (i) $3.1 billion related to the amortization of intangible assets; (ii) $1.9 billion for charges related to litigation matters; (iii) $875 million for the change in fair value of contingent consideration liabilities; and (iv) $219 million of acquisition and integration expenses. These costs were partially offset by an after-tax gain of $126 million related to the divestiture of Pylera. Additionally, financial results reflected continued funding to support all stages of AbbVie's pipeline assets and continued investment in AbbVie's on-market brands.

Following the closing of the Allergan acquisition, AbbVie implemented an integration plan designed to reduce costs, integrate and optimize the combined organization. The integration plan is expected to realize approximately $2.5 billion of annual cost synergies in 2022.

To achieve these integration objectives, AbbVie expects to incur total cumulative charges of approximately $2 billion through 2022. These costs consist of severance and employee benefit costs (cash severance, non-cash severance, including accelerated equity award compensation expense, retention and other termination benefits) and other integration expenses.

Recent Global Events

Russia/Ukraine

In response to the military conflict between Russia and Ukraine, the United States and other North Atlantic Treaty Organization member states, as well as certain non-member states, announced targeted economic sanctions and export controls on Russia and Belarus. These include restrictions on the export and transfer of products containing certain toxins, including Botox, to Russia and Belarus. With the exception of Botox, AbbVie is not prohibited to continue the sale of essential pharmaceutical products to help ensure patients receive an uninterrupted supply of their medicines. In March 2022, AbbVie announced the suspension of operations for all aesthetics products in Russia. In April 2022, AbbVie also announced that all profits from the sales of essential medicines in Russia will be donated to support direct humanitarian relief efforts in Ukraine. While the company's operations in Russia, Belarus and Ukraine are not significant, if the conflict escalates and results in broader economic and political concerns, AbbVie's business could be adversely impacted.

Impact of the Coronavirus Disease 2019 (COVID-19)

In response to the ongoing public health crisis posed by COVID-19, AbbVie continues to focus on ensuring the safety of employees. Throughout the pandemic, AbbVie has followed health and safety guidance from state and local health authorities and implemented safety measures for those employees who are returning to the workplace.

AbbVie also continues to closely manage manufacturing and supply chain resources around the world to help ensure that patients continue to receive an uninterrupted supply of their medicines. Clinical trial sites are being monitored locally to protect the safety of study participants, staff and employees. While the impact of COVID-19 on AbbVie's operations to date has not been material, AbbVie continues to experience lower new patient starts in certain products and markets. AbbVie expects this matter could continue to negatively impact its results of operations throughout the duration of the pandemic.

The extent to which COVID-19 may impact AbbVie's financial condition and results of operations remains uncertain and is dependent on numerous evolving factors, including the measures being taken by authorities to mitigate against the spread of COVID-19, the emergence of new variants and the effectiveness of vaccines and therapeutics.

Research and Development

Research and innovation are the cornerstones of AbbVie's business as a global biopharmaceutical company. AbbVie's long-term success depends to a great extent on its ability to continue to discover and develop innovative products and acquire or collaborate on compounds currently in development by other biotechnology or pharmaceutical companies.

AbbVie's pipeline currently includes approximately 80 compounds, devices or indications in development individually or under collaboration or license agreements and is focused on such important specialties as immunology, oncology, aesthetics, neuroscience and eye care. Of these programs, more than 40 are in mid- and late-stage development.

The following sections summarize transitions of significant programs from mid-stage development to late-stage development as well as developments in significant late-stage and registration programs. AbbVie expects multiple mid-stage programs to transition into late-stage programs in the next 12 months.

Significant Programs and Developments

Immunology

Skyrizi

- In January 2022, AbbVie announced that the U.S. Food and Drug Administration (FDA) approved Skyrizi for the treatment of adults with active psoriatic arthritis.
- In June 2022, AbbVie announced that the FDA approved Skyrizi for the treatment of adults with moderately to severely active Crohn's disease.

Rinvoq

- In January 2022, AbbVie announced its submission of a supplemental New Drug Application (sNDA) to the FDA for Rinvoq for the treatment of adults with active non-radiographic axial spondyloarthritis (nr-axSpA) with objective signs of inflammation who have responded inadequately to nonsteroidal anti-inflammatory drugs (NSAIDs).

- In January 2022, AbbVie announced that the FDA approved Rinvoq for the treatment of moderate to severe atopic dermatitis in adults and children 12 years of age and older whose disease did not respond to previous treatment and is not well controlled with other pills or injections, including biologic medicines, or when use of other pills or injections is not recommended.
- In February 2022, AbbVie was notified that the European Commission (EC) is requesting the European Medicines Agency (EMA) to assess safety concerns associated with JAK inhibitor products authorized in inflammatory diseases and to evaluate the impact of these events on their benefit-risk balance. The assessment covers all JAK inhibitors approved for use in inflammatory diseases.
- In February 2022, AbbVie announced top-line results from its second Phase 3 induction study, U-Excel, for Rinvoq in patients with moderate to severe Crohn's disease who had an inadequate response or were intolerant to conventional or biologic therapy met the primary and most key secondary endpoints.
- In March 2022, AbbVie announced that the FDA approved Rinvoq for the treatment of adults with moderately to severely active ulcerative colitis (UC) who have had an inadequate response or intolerance to one or more tumor necrosis factor (TNF) blockers.
- In April 2022, AbbVie announced that the FDA approved Rinvoq for the treatment of adults with active ankylosing spondylitis who have had an inadequate response or intolerance to one or more TNF blockers.
- In May 2022, AbbVie announced positive top-line results from U-ENDURE, its Phase 3 maintenance study for Rinvoq in adult patients with moderate to severe Crohn's disease who had an inadequate response or were intolerant to a conventional or biologic therapy. The results showed that more patients treated with Rinvoq achieved the co-primary and secondary endpoints at one year compared to placebo.
- In July 2022, AbbVie announced that the EC approved Rinvoq for the treatment of adults with moderately to severely active UC who have had an inadequate response, lost response or were intolerant to either conventional therapy or a biologic agent.
- In July 2022, AbbVie announced its submission of an sNDA to the FDA and a marketing authorization application (MAA) to the EMA for Rinvoq for the treatment of adult patients with moderately to severely active Crohn's disease.
- In July 2022, AbbVie announced that the EC approved Rinvoq for the treatment of adult patients with active nr-axSpA.

Oncology

Teliso-V

- In January 2022, AbbVie announced that the FDA granted Breakthrough Therapy Designation to investigational telisotuzumab vedotin (Teliso-V) for the treatment of patients with advanced/metastatic epidermal growth factor receptor wild type, nonsquamous non-small cell lung cancer with high levels of c-Met overexpression whose disease has progressed on or after platinum-based therapy.
- In May 2022, AbbVie initiated a Phase 3 clinical trial to evaluate Teliso-V versus docetaxel for the treatment of patients with previously treated c-Met overexpressing, epidermal growth factor receptor wild type, advanced/metastatic non-squamous non-small cell lung cancer.

Imbruvica

- In February 2022, AbbVie submitted an sNDA to the FDA for Imbruvica for the treatment of pediatric and adolescent patients one year and older with chronic graft versus host disease after failure of one or more lines of systemic therapy.

Epcoritamab

- In March 2022, Genmab A/S (Genmab) announced that FDA granted orphan-drug designation to the investigational medicine, epcoritamab (DuoBody-CD3xCD20), for the treatment of follicular lymphoma. Genmab and AbbVie are co-developing epcoritamab and will share commercial responsibilities in the U.S. and Japan, with AbbVie responsible for further global commercialization.

- In June 2022, AbbVie announced primary results from the large B-cell lymphoma expansion cohort in the EPCORE NHL-1 phase 2 clinical trial evaluating epcoritamab, an investigational subcutaneous bispecific antibody. In this study, epcoritamab demonstrated efficacy with durable responses in patients who had previously received at least two prior lines of anti-lymphoma therapy including chimeric antigen receptor T-cell therapy.

Aesthetics

Juvederm Collection

- In February 2022, AbbVie announced that the FDA approved JUVEDERM VOLBELLA XC for improvement of infraorbital hollows in adults over the age of 21.

BoNTE

- In March 2022, AbbVie initiated three Phase 3 clinical trials to evaluate the efficacy and safety of BoNTE (AGN-151586) for the treatment of glabellar lines.

Neuroscience

Vraylar

- In February 2022, AbbVie submitted an sNDA to the FDA for Vraylar for the adjunctive treatment of major depressive disorder in patients who are receiving ongoing antidepressant therapy.

Qulipta

- In March 2022, AbbVie announced results from the Phase 3 PROGRESS trial for Qulipta in the preventive treatment of chronic migraine in adults met the primary endpoint and resulted in significant improvements in all secondary endpoints after adjustment for multiple comparisons.
- In June 2022, AbbVie submitted an sNDA to the FDA for Qulipta for the preventative treatment of chronic migraine in adults.
- In July 2022, AbbVie submitted an MAA to the EMA for Qulipta for the prophylactic treatment of migraine in adult patients who have at least four migraine days per month.

ABBV-951

- In May 2022, AbbVie submitted a New Drug Application to the FDA for ABBV-951 (foscarbidopa/foslevodopa) for the treatment of motor fluctuations in patients with advanced Parkinson's disease.

Eye Care

Vuity

- In April 2022, AbbVie announced that the Phase 3 VIRGO trial evaluating the safety and efficacy of investigational twice-daily administration of Vuity 1.25% in adults with presbyopia met its primary efficacy endpoint.
- In June 2022, AbbVie submitted an sNDA to the FDA for twice-daily administration of Vuity 1.25% in adults with presbyopia.

For a more comprehensive discussion of AbbVie's products and pipeline, see the company's Annual Report on Form 10-K for the year ended December 31, 2021.

RESULTS OF OPERATIONS

Net Revenues

The comparisons presented at constant currency rates reflect comparative local currency net revenues at the prior year's foreign exchange rates. This measure provides information on the change in net revenues assuming that foreign currency exchange rates had not changed between the prior and current periods. AbbVie believes that the non-GAAP measure of change in net revenues at constant currency rates, when used in conjunction with the GAAP measure of change in net revenues at actual currency rates, may provide a more complete understanding of the company's operations and can facilitate analysis of the company's results of operations, particularly in evaluating performance from one period to another.

(dollars in millions)	Three months ended June 30,		Percent change		Six months ended June 30,		Percent change	
	2022	2021	At actual currency rates	At constant currency rates	2022	2021	At actual currency rates	At constant currency rates
United States	$ 11,410	$ 10,804	5.6 %	5.6 %	$ 21,758	$ 20,554	5.9 %	5.9 %
International	3,173	3,155	0.6 %	7.6 %	6,363	6,415	(0.8)%	5.3 %
Net revenues	$ 14,583	$ 13,959	4.5 %	6.1 %	$ 28,121	$ 26,969	4.3 %	5.7 %

The following table details AbbVie's worldwide net revenues:

(dollars in millions)		Three months ended June 30,		Percent change		Six months ended June 30,		Percent change	
		2022	2021	At actual currency rates	At constant currency rates	2022	2021	At actual currency rates	At constant currency rates
Immunology									
Humira	United States	$ 4,664	$ 4,257	9.6 %	9.6 %	$ 8,657	$ 8,164	6.0 %	6.0 %
	International	699	811	(13.8)%	(7.3)%	1,442	1,771	(18.6)%	(13.1)%
	Total	$ 5,363	$ 5,068	5.8 %	6.8 %	$ 10,099	$ 9,935	1.7 %	2.7 %
Skyrizi	United States	$ 1,079	$ 565	91.1 %	91.1 %	$ 1,860	$ 1,046	77.8 %	77.8 %
	International	173	109	59.1 %	73.9 %	332	202	64.7 %	78.1 %
	Total	$ 1,252	$ 674	85.9 %	88.3 %	$ 2,192	$ 1,248	75.7 %	77.9 %
Rinvoq	United States	$ 412	$ 296	39.4 %	39.4 %	$ 723	$ 541	33.7 %	33.7 %
	International	180	82	>100.0 %	>100.0 %	334	140	>100.0 %	>100.0 %
	Total	$ 592	$ 378	56.3 %	60.7 %	$ 1,057	$ 681	55.1 %	59.2 %
Hematologic Oncology									
Imbruvica	United States	$ 862	$ 1,099	(21.6)%	(21.6)%	$ 1,736	$ 2,098	(17.2)%	(17.2)%
	Collaboration revenues	283	282	0.5 %	0.5 %	582	551	5.6 %	5.6 %
	Total	$ 1,145	$ 1,381	(17.1)%	(17.1)%	$ 2,318	$ 2,649	(12.5)%	(12.5)%
Venclexta	United States	$ 253	$ 223	13.4 %	13.4 %	$ 481	$ 448	7.5 %	7.5 %
	International	252	212	19.1 %	29.3 %	497	392	26.8 %	36.7 %
	Total	$ 505	$ 435	16.2 %	21.2 %	$ 978	$ 840	16.5 %	21.1 %
Aesthetics									
Botox Cosmetic	United States	$ 449	$ 366	22.4 %	22.4 %	$ 862	$ 671	28.3 %	28.3 %
	International	246	218	12.9 %	19.2 %	474	390	21.5 %	27.7 %
	Total	$ 695	$ 584	18.9 %	21.2 %	$ 1,336	$ 1,061	25.8 %	28.1 %
Juvederm Collection	United States	$ 147	$ 196	(24.9)%	(24.9)%	$ 295	$ 319	(7.5)%	(7.5)%
	International	197	232	(15.0)%	(8.1)%	459	430	6.7 %	13.0 %
	Total	$ 344	$ 428	(19.5)%	(15.7)%	$ 754	$ 749	0.7 %	4.3 %
Other Aesthetics	United States	$ 287	$ 363	(20.9)%	(20.9)%	$ 572	$ 663	(13.6)%	(13.6)%
	International	45	59	(24.4)%	(20.2)%	83	102	(18.3)%	(14.3)%
	Total	$ 332	$ 422	(21.4)%	(20.8)%	$ 655	$ 765	(14.2)%	(13.7)%
Neuroscience									
Botox Therapeutic	United States	$ 557	$ 488	14.2 %	14.2 %	$ 1,057	$ 917	15.3 %	15.3 %
	International	121	115	5.6 %	15.6 %	235	218	8.0 %	16.3 %
	Total	$ 678	$ 603	12.6 %	14.5 %	$ 1,292	$ 1,135	13.9 %	15.5 %
Vraylar	United States	$ 492	$ 432	13.9 %	13.9 %	$ 919	$ 778	18.1 %	18.1 %
Duodopa	United States	$ 26	$ 25	3.2 %	3.2 %	$ 50	$ 50	(1.2)%	(1.2)%
	International	94	102	(7.4)%	2.2 %	191	206	(7.2)%	1.3 %
	Total	$ 120	$ 127	(5.4)%	2.3 %	$ 241	$ 256	(6.0)%	0.8 %
Ubrelvy	United States	$ 185	$ 126	47.6 %	47.6 %	$ 323	$ 207	56.4 %	56.4 %
Qulipta	United States	$ 33	$ —	n/m	n/m	$ 44	$ —	n/m	n/m
Other Neuroscience	United States	$ 145	$ 167	(13.6)%	(13.6)%	$ 318	$ 323	(1.7)%	(1.7)%
	International	5	4	9.6 %	12.9 %	9	8	10.4 %	12.6 %
	Total	$ 150	$ 171	(12.9)%	(12.8)%	$ 327	$ 331	(1.4)%	(1.3)%

(dollars in millions)		Three months ended June 30,		Percent change		Six months ended June 30,		Percent change	
		2022	2021	At actual currency rates	At constant currency rates	2022	2021	At actual currency rates	At constant currency rates
Eye Care									
Lumigan/Ganfort	United States	$ 60	$ 72	(17.4)%	(17.4)%	$ 127	$ 138	(8.3)%	(8.3)%
	International	70	77	(8.1)%	(0.9)%	143	154	(6.9)%	(0.1)%
	Total	$ 130	$ 149	(12.5)%	(8.7)%	$ 270	$ 292	(7.5)%	(3.9)%
Alphagan/Combigan	United States	$ 54	$ 102	(48.5)%	(48.5)%	$ 124	$ 182	(32.3)%	(32.3)%
	International	38	40	(2.3)%	6.6 %	75	78	(3.1)%	6.0 %
	Total	$ 92	$ 142	(35.6)%	(33.1)%	$ 199	$ 260	(23.6)%	(20.9)%
Restasis	United States	$ 151	$ 312	(51.5)%	(51.5)%	$ 386	$ 579	(33.2)%	(33.2)%
	International	17	15	14.9 %	24.2 %	28	28	(0.2)%	14.0 %
	Total	$ 168	$ 327	(48.4)%	(48.0)%	$ 414	$ 607	(31.7)%	(31.0)%
Other Eye Care	United States	$ 142	$ 130	9.7 %	9.7 %	$ 266	$ 247	7.7 %	7.7 %
	International	185	171	7.4 %	16.0 %	339	330	2.6 %	10.5 %
	Total	$ 327	$ 301	8.4 %	13.2 %	$ 605	$ 577	4.8 %	9.3 %
Other Key Products									
Mavyret	United States	$ 203	$ 204	0.2 %	0.2 %	$ 372	$ 374	(0.4)%	(0.4)%
	International	195	238	(18.0)%	(9.8)%	406	483	(15.9)%	(8.4)%
	Total	$ 398	$ 442	(9.7)%	(5.3)%	$ 778	$ 857	(9.1)%	(4.9)%
Creon	United States	$ 318	$ 280	13.6 %	13.6 %	$ 605	$ 554	9.2 %	9.2 %
Linzess/Constella	United States	$ 247	$ 260	(4.2)%	(4.2)%	$ 480	$ 475	1.3 %	1.3 %
	International	8	8	(12.5)%	(7.8)%	15	15	(3.8)%	0.7 %
	Total	$ 255	$ 268	(4.5)%	(4.4)%	$ 495	$ 490	1.1 %	1.2 %
All other		$ 1,009	$ 1,221	(17.5)%	(16.4)%	$ 2,220	$ 2,697	(17.8)%	(16.8)%
Total net revenues		$ 14,583	$ 13,959	4.5 %	6.1 %	$ 28,121	$ 26,969	4.3 %	5.7 %

n/m – Not meaningful

The following discussion and analysis of AbbVie's net revenues by product is presented on a constant currency basis.

Global Humira sales increased by 7% for the three months and 3% for the six months ended June 30, 2022 primarily driven by market growth across therapeutic categories, partially offset by direct biosimilar competition in certain international markets. In the United States, Humira sales increased by 10% for the three months and 6% for the six months ended June 30, 2022 primarily driven by market growth across all indications and favorable pricing. This increase was partially offset by lower market share following corresponding market share gains of Skyrizi and Rinvoq. Internationally, Humira revenues decreased by 7% for the three months and 13% for the six months ended June 30, 2022 primarily driven by direct biosimilar competition in certain international markets.

Net revenues for Skyrizi increased by 88% for the three months and 78% for the six months ended June 30, 2022 primarily driven by continued strong volume and market share uptake since launch as a treatment for plaque psoriasis as well as market growth. Net revenues for the three and six months ended June 30, 2022 were also favorably impacted by recent regulatory approvals and expansion of Skyrizi for the treatment of psoriatic arthritis.

Net revenues for Rinvoq increased by 61% for the three months and 59% for the six months ended June 30, 2022 primarily driven by continued strong volume and market share uptake since launch for the treatment of moderate to severe rheumatoid arthritis as well as market growth. Net revenues for the three and six months ended June 30, 2022 were also favorably impacted by recent regulatory approvals and expansion of Rinvoq for the treatment of psoriatic arthritis, atopic dermatitis, ankylosing spondylitis and ulcerative colitis.

Net revenues for Imbruvica represent product revenues in the United States and collaboration revenues outside of the United States related to AbbVie's 50% share of Imbruvica profit. AbbVie's global Imbruvica revenues decreased by 17% for the three months and 13% for the six months ended June 30, 2022 as a result of decreased market demand and lower new patient starts in the United States. The decrease in net revenues for the six months ended June 30, 2022 was also partially offset by increased collaboration revenues.

Net revenues for Venclexta increased by 21% for the three and six months ended June 30, 2022 primarily due to continued expansion of Venclexta for the treatment of patients with chronic lymphocytic leukemia (CLL), relapsed/refractory CLL and acute myeloid leukemia.

Net revenues for Botox Cosmetic used in facial aesthetics increased by 21% for the three months and 28% for the six months ended June 30, 2022 due to increased consumer demand driven by targeted brand investment.

Net revenues for Juvederm Collection used in facial aesthetics decreased by 16% for the three months ended June 30, 2022 due to COVID-19 restrictions in China and suspension of aesthetic operations in Russia. Net revenues for Juvederm Collection increased 4% for the six months ended June 30, 2022 due to market growth partially offset by COVID-19 restrictions in China and suspension of aesthetic operations in Russia. In the United States, net revenues for the three and six months ended June 30, 2022 were unfavorably impacted by higher revenues in the prior year due to a one-time promotion in the three months ended June 30, 2021.

Net revenues for Botox Therapeutic used primarily in neuroscience and urology therapeutic areas increased by 14% for the three months and 15% for the six months ended June 30, 2022 due to market growth.

Net revenues for Vraylar for the treatment of schizophrenia, bipolar I disorder and bipolar depression increased by 14% for the three months and 18% for the six months ended June 30, 2022 due to higher market share and market growth.

Net revenues for Ubrelvy for the acute treatment of migraine with or without aura in adults increased by 48% for the three months and 56% for the six months ended June 30, 2022 primarily due to increased market share uptake since launch.

Net revenues for Mavyret decreased by 5% for the three and six months ended June 30, 2022 due to the continued disruption of global HCV markets due to the COVID-19 pandemic.

Gross Margin

	Three months ended June 30,			Six months ended June 30,		
(dollars in millions)	2022	2021	% change	2022	2021	% change
Gross margin	$ 10,413	$ 9,436	10 %	$ 19,899	$ 18,233	9 %
as a % of net revenues	71 %	68 %		71 %	68 %	

Gross margin as a percentage of net revenues increased for the three and six months ended June 30, 2022 compared to the prior year. Gross margin percentage for the three and six months ended June 30, 2022 was favorably impacted by changes in product mix and lower amortization of intangible assets associated with the Allergan acquisition.

Selling, General and Administrative

	Three months ended June 30,			Six months ended June 30,		
(dollars in millions)	2022	2021	% change	2022	2021	% change
Selling, general and administrative	$ 5,412	$ 3,164	71 %	$ 8,539	$ 6,006	42 %
as a % of net revenues	37 %	23 %		30 %	22 %	

Selling, general and administrative (SG&A) expenses as a percentage of net revenues increased for the three and six months ended June 30, 2022 compared to the prior year. SG&A expense percentage for the three and six months ended June 30, 2022 was unfavorably impacted by litigation reserve charges of $2.2 billion for the three months and $2.4 billion for the six months ended June 30, 2022.

Research and Development and Acquired IPR&D and Milestones

	Three months ended June 30,			Six months ended June 30,		
(dollars in millions)	2022	2021	% change	2022	2021	% change
Research and development	$ 1,609	$ 1,767	(9)%	$ 3,106	$ 3,434	(10)%
as a % of net revenues	11 %	13 %		11 %	13 %	
Acquired IPR&D and milestones	$ 269	$ 132	>100%	$ 414	$ 317	31 %

Research and development (R&D) expenses as a percentage of net revenues decreased for the three and six months ended June 30, 2022 compared to the prior year. R&D expense percentage was favorably impacted by the purchase of priority review vouchers from third parties during the three and six months ended June 30, 2021, increased scale of the combined company and synergies realized as well as lower integration costs related to the acquisition of Allergan.

Acquired IPR&D and milestones expense represents upfront and subsequent development milestone payments incurred prior to regulatory approval to acquire rights to in-process R&D projects through R&D collaborations, licensing arrangements or other asset acquisitions. Acquired IPR&D and milestones expense in the six months ended June 30, 2022 included a charge of $130 million as a result of acquiring Syndesi Therapeutics SA and its portfolio of novel modulators of the synaptic vesicle protein 2A, including its lead molecule SDI-118, which is being evaluated to target nerve terminals to enhance synaptic efficiency. There were no individually significant transactions during the three months ended June 30, 2022 and the three and six months ended June 30, 2021.

Other Operating Income

Other operating income for the three and six months ended June 30, 2022 included $172 million of income related to the sale of worldwide commercial rights of a mature brand Pylera, which is used for the treatment of peptic ulcers with an infection by the bacterium Helicobacter pylori. See Note 4 to the Condensed Consolidated Financial Statements for additional information. Other operating income for the three and six months ended June 30, 2021 included $68 million of income related to the sale of a biologics facility.

Other Non-Operating Expenses (Income)

	Three months ended June 30,		Six months ended June 30,	
(in millions)	2022	2021	2022	2021
Interest expense	$ 556	$ 615	$ 1,104	$ 1,247
Interest income	(24)	(9)	(33)	(19)
Interest expense, net	$ 532	$ 606	$ 1,071	$ 1,228
Net foreign exchange loss	$ 47	$ 14	$ 72	$ 23
Other expense, net	1,533	2,658	757	2,263

Interest expense, net decreased for the three and six months ended June 30, 2022 compared to the prior year primarily due to a lower average debt balance as a result of deleveraging.

Other expense, net included charges related to changes in fair value of contingent consideration liabilities of $1.6 billion for the three months and $861 million for the six months ended June 30, 2022 and $2.7 billion for the three months and $2.3 billion for the six months ended June 30, 2021. The fair value of contingent consideration liabilities is impacted by the passage of time and multiple other inputs, including the probability of success of achieving regulatory/commercial milestones, discount rates, the estimated amount of future sales of the acquired products and other market-based factors. For the three and six months ended June 30, 2022, the change in fair value represented higher estimated Skyrizi sales driven by stronger market share uptake, partially offset by higher discount rates. For the three and six months ended June 30, 2021, the change in fair value represented higher estimated Skyrizi sales driven by stronger market share uptake, favorable Skyrizi clinical trial results and lower discount rates.

Income Tax Expense

The effective tax rate was 22% for the three months and 11% for the six months ended June 30, 2022 compared to 34% for the three months and 14% for the six months ended June 30, 2021. The effective tax rate in each period differed from the U.S. statutory tax rate of 21% principally due to the impact of foreign operations which reflects the impact of lower income tax rates in locations outside the United States, tax incentives in Puerto Rico and other foreign tax jurisdictions, business development activities and accretion on contingent consideration. The decrease in the effective tax rate for the three and six months ended June 30, 2022 over the prior year was primarily due to differences in the company's jurisdictional mix of earnings and accretion on contingent consideration.

FINANCIAL POSITION, LIQUIDITY AND CAPITAL RESOURCES

(in millions)	Six months ended June 30, 2022	2021
Cash flows provided by (used in):		
Operating activities	$ 9,913	$ 9,767
Investing activities	(1,461)	(584)
Financing activities	(9,651)	(9,058)

Operating cash flows for the six months ended June 30, 2022 increased compared to the prior year primarily due to improved results of operations resulting from revenue growth, partially offset by the timing of working capital cash flows.

Investing cash flows for the six months ended June 30, 2022 included payments made for net purchases of investment securities totaling $1.4 billion, acquisitions and investments of $394 million and capital expenditures of $305 million. Investing cash flows for the six months ended June 30, 2021 included capital expenditures of $383 million, payments made for acquisitions and investments of $345 million and net sales and maturities of investment securities totaling $9 million.

Financing cash flows for the six months ended June 30, 2022 included repayment of $2.9 billion aggregate principal amount of the company's 3.45% senior notes. Additionally, financing cash flows included repayment of a $2.0 billion floating rate term loan due May 2025 and issuance of a new $2.0 billion floating rate term loan as part of the term loan refinancing in February 2022. Financing cash flows for the six months ended June 30, 2021 included repayment of $1.8 billion aggregate principal amount of the company's 2.3% senior notes, €750 million aggregate principal amount of the company's 0.5% senior euro notes and $750 million aggregate principal amount of floating rate senior notes.

Financing cash flows also included cash dividend payments of $5.0 billion for the six months ended June 30, 2022 and $4.6 billion for the six months ended June 30, 2021. The increase in cash dividend payments was primarily driven by the increase in the quarterly dividend rate.

On June 23, 2022, the company announced that its board of directors declared a quarterly cash dividend of $1.41 per share for stockholders of record at the close of business on July 15, 2022, payable on August 15, 2022. The timing, declaration, amount of and payment of any dividends by AbbVie in the future 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.

The company's stock repurchase authorization permits purchases of AbbVie shares from time to time in open-market or private transactions at management's discretion. The program has no time limit and can be discontinued at any time. AbbVie repurchased 8 million shares for $1.1 billion during the six months ended June 30, 2022 and 5 million shares for $550 million during the six months ended June 30, 2021.

Credit Risk

AbbVie monitors economic conditions, the creditworthiness of customers and government regulations and funding, both domestically and abroad. 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 establishes an allowance for credit losses equal to the estimate of future losses over the contractual life of outstanding accounts receivable. AbbVie may also utilize factoring arrangements to mitigate credit risk, although the receivables included in such arrangements have historically not been a significant amount of total outstanding receivables.

Credit Facility, Access to Capital and Credit Ratings

Credit Facility

AbbVie currently has a $4.0 billion five-year revolving credit facility that matures in August 2024. This credit facility enables the company to borrow funds on an unsecured basis at variable interest rates and contains various covenants. At June 30, 2022, the company was in compliance with all covenants, and commitment fees under the credit facility were insignificant. No amounts were outstanding under the company's credit facility as of June 30, 2022 and December 31, 2021.

Access to Capital

The company intends to fund short-term and long-term financial obligations as they mature through cash on hand, future cash flows from operations or has the ability to issue additional debt. The company's ability to generate cash flows from operations, issue debt or enter into financing arrangements on acceptable terms could be adversely affected if there is a material decline in the demand for the company's products or in the solvency of its customers or suppliers, deterioration in the company's key financial ratios or credit ratings or other material unfavorable changes in business conditions. At the current time, the company believes it has sufficient financial flexibility to issue debt, enter into other financing arrangements and attract long-term capital on acceptable terms to support the company's growth objectives.

Credit Ratings

In March 2022, Moody's Investors Service (Moody's) affirmed its Baa2 senior unsecured long-term rating and the Prime-2 short-term rating. At the same time, Moody's revised the outlook to positive from stable. Unfavorable changes to the ratings may have an adverse impact on future financing arrangements; however, they would not affect the company's ability to draw on its credit facility and would not result in an acceleration of scheduled maturities of any of the company's outstanding debt.

CRITICAL ACCOUNTING POLICIES

A summary of the company's significant accounting policies is included in Note 2, "Summary of Significant Accounting Policies" in AbbVie's Annual Report on Form 10-K for the year ended December 31, 2021. There have been no significant changes in the company's application of its critical accounting policies during the six months ended June 30, 2022.

FORWARD-LOOKING STATEMENTS

Some statements in this quarterly report on Form 10-Q may be forward-looking statements for purposes of the Private Securities Litigation Reform Act of 1995. The words "believe," "expect," "anticipate," "project," and similar expressions, among others, generally identify forward-looking statements. AbbVie cautions that these forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially from those indicated in the forward-looking statements. Such risks and uncertainties include, but are not limited to, failure to realize the expected benefits from AbbVie's acquisition of Allergan, failure to promptly and effectively integrate Allergan's businesses, challenges to intellectual property, competition from other products, difficulties inherent in the research and development process, adverse litigation or government action, changes to laws and regulations applicable to our industry and the impact of public health outbreaks, epidemics or pandemics, such as COVID-19. Additional information about the economic, competitive, governmental, technological and other factors that may affect AbbVie's operations is set forth in Item 1A, "Risk Factors," in AbbVie's Annual Report on Form 10-K for the year ended December 31, 2021, which has been filed with the Securities and Exchange Commission. AbbVie notes these factors for investors as permitted by the Private Securities Litigation Reform Act of 1995. AbbVie undertakes no obligation to release publicly any revisions to forward-looking statements as a result of subsequent events or developments, except as required by law.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

For a discussion of the company's market risk, see Item 7A, "Quantitative and Qualitative Disclosures About Market Risk" in AbbVie's Annual Report on Form 10-K for the year ended December 31, 2021.

ITEM 4. CONTROLS AND PROCEDURES

DISCLOSURE CONTROLS AND PROCEDURES

Evaluation of disclosure controls and procedures. The Chief Executive Officer, Richard A. Gonzalez, and the Chief Financial Officer, Scott T. Reents, evaluated the effectiveness of AbbVie's disclosure controls and procedures as of the end of the period covered by this report, and concluded that AbbVie's disclosure controls and procedures were effective to ensure that information AbbVie is required to disclose in the reports that it files or submits with the Securities and Exchange Commission under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms, and to ensure that information required to be disclosed by AbbVie in the reports that it files or submits under the Exchange Act is accumulated and communicated to AbbVie's management, including its principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Changes in internal control over financial reporting. There were no changes in AbbVie's internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) that have materially affected, or are reasonably likely to materially affect, AbbVie's internal control over financial reporting during the quarter ended June 30, 2022.

Inherent Limitations on Effectiveness of Controls. AbbVie's management, including its Chief Executive Officer and its Chief Financial Officer, do not expect that AbbVie's disclosure controls or internal control over financial reporting will prevent or detect all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. The design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Further, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls.

The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Projections of any evaluation of controls effectiveness to future periods are subject to risks. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Information pertaining to legal proceedings is provided in Note 12 to the Condensed Consolidated Financial Statements and is incorporated by reference herein.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

(c) *Issuer Purchases of Equity Securities*

Period	(a) Total Number of Shares (or Units) Purchased	(b) Average Price Paid per Share (or Unit)	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
April 1, 2022 - April 30, 2022	28,809 [1]	$162.39 [1]	—	$1,393,714,917
May 1, 2022 - May 31, 2022	839 [1]	$151.92 [1]	—	$1,393,714,917
June 1, 2022 - June 30, 2022	989 [1]	$146.78 [1]	—	$1,393,714,917
Total	30,637 [1]	$161.60 [1]	—	$1,393,714,917

1. In addition to AbbVie shares repurchased on the open market under a publicly announced program, if any, these shares also included the shares purchased on the open market for the benefit of participants in the AbbVie Employee Stock Purchase Plan – 28,809 in April; 839 in May; and 989 in June.

   These shares do not include the shares surrendered to AbbVie to satisfy minimum tax withholding obligations in connection with the vesting or exercise of stock-based awards.

ITEM 6. EXHIBITS

Exhibits 32.1 and 32.2 are furnished herewith and should not be deemed to be "filed" under the Securities Exchange Act of 1934.

Exhibit No.	Exhibit Description
10.6	AbbVie Non-Employee Directors' Fee Plan, as amended and restated*
31.1	Certification of Chief Executive Officer Required by Rule 13a-14(a) (17 CFR 240.13a-14(a)).
31.2	Certification of Chief Financial Officer Required by Rule 13a-14(a) (17 CFR 240.13a-14(a)).
32.1	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	The following financial statements and notes from the AbbVie Inc. Quarterly Report on Form 10-Q for the quarter ended June 30, 2022, filed on August 4, 2022, formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) Condensed Consolidated Statements of Earnings; (ii) Condensed Consolidated Statements of Comprehensive Income; (iii) Condensed Consolidated Balance Sheets; (iv) Condensed Consolidated Statements of Equity; (v) Condensed Consolidated Statements of Cash Flows; and (vi) the Notes to Condensed Consolidated Financial Statements.
104	Cover Page Interactive Data File (the cover page from the AbbVie Inc. Quarterly Report on Form 10-Q formatted as Inline XBRL and contained in Exhibit 101).

* Denotes management contract or compensatory plan or arrangement required to be filed as an exhibit hereto.

SIGNATURE

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

ABBVIE INC.

By: /s/ Scott T. Reents
Scott T. Reents
Senior Vice President,
Chief Financial Officer (Principal Financial Officer)

Date: August 4, 2022

Exhibit 10.6

ABBVIE NON-EMPLOYEE DIRECTORS' FEE PLAN

(Amended and Restated Effective as of May 6, 2022)

ABBVIE
NON-EMPLOYEE DIRECTORS' FEE PLAN

SECTION 1.
PURPOSE

This AbbVie Non-Employee Directors' Fee Plan (the "Plan") is maintained by AbbVie Inc. (the "Company") to attract and retain as members of its Board of Directors persons who are not full-time employees of the Company or any of its subsidiaries but whose business experience and judgment are valuable assets to the Company and its subsidiaries. The Plan was originally adopted by the Company effective January 1, 2013, and was last amended and restated effective as of May 8, 2020. The terms of the Plan set forth in this document shall be effective as of May 6, 2022 (the "Effective Date").

SECTION 2.
DIRECTORS COVERED

As used in the Plan, the term "Director" means any person serving on the Board of Directors of the Company on the Effective Date or at any time thereafter who is not a full-time employee of the Company or any of its subsidiaries.

SECTION 3.
FEES PAYABLE TO DIRECTORS

3.1 Each Director shall be entitled to a deferred fee of $120,000 per year, earned monthly for each calendar month or portion thereof that the Director holds such position with the Company, excluding the month in which the Director is first elected to such position.

3.2 Lead Director and Executive Committee Chair Fees

(a) A Director who serves as Lead Director for the Board of Directors shall be entitled to a deferred fee of $50,000 per year, earned monthly for each calendar month or portion thereof that the Director holds such position, excluding the month in which the Director is first elected to such position.

(b) A Director who serves as Chair of the Executive Committee of the Board of Directors shall be entitled to a deferred fee of $20,000 per year, earned monthly for each calendar month or portion thereof that the Director holds such position, excluding the month in which the Director is first elected to such position.

3.3 Audit Committee Fees

(a) A Director who serves as Chair of the Audit Committee of the Board of Directors shall be entitled to a deferred fee of $30,000 per year, earned monthly for each calendar month or portion thereof that the Director holds such position, excluding the month in which the Director is first elected to such position.

(b) Each Director who serves on the Audit Committee of the Board of Directors (other than the Chair of the Audit Committee) shall be entitled to a deferred fee of $10,000 per year, earned monthly for each calendar month or portion thereof that the Director holds such position, excluding the month in which the Director is first elected to such position.

3.4 A Director who serves as Chair of the Compensation Committee of the Board of Directors shall be entitled to a deferred fee of $20,000 per year, earned monthly for each calendar month or portion thereof that the Director holds such position, excluding the month in which the Director is first elected to such position.

3.5 A Director who serves as Chair of the Nominations Committee of the Board of Directors shall be entitled to a deferred fee of $20,000 per year, earned monthly for each calendar month or portion thereof that the Director holds such position, excluding the month in which the Director is first elected to such position.

3.6 A Director who serves as Chair of any other Committee created by the Board of Directors shall be entitled to a deferred fee of $25,000 per year, earned monthly for each calendar month or portion thereof that the Director holds such position, excluding the month in which the Director is first elected to such position.

3.7 A Director's Deferred Fee Account shall be credited with interest annually. The rate of interest credited to deferred fees shall be equal to: (a) the average of the "prime rate" of interest set forth on the Bloomberg Screen BTMM or comparable successor quotation service on the first business day of January and the last business day of each month of the fiscal year; plus (b) two hundred twenty-five (225) basis points. For purposes of this provision, the term "deferred fees" shall include "deferred monthly fees," and "deferred meeting fees," and shall also include any such interest credited thereon.

3.8 For purposes of Sections 3.1, 3.2, 3.3, 3.4, 3.5 and 3.6, the automatic deferral of the fees specified therein shall be subject to a Director's election to receive such fees currently pursuant to Section 4.1 or Section 8.1 of the Plan.

SECTION 4.
PAYMENT OF DIRECTORS' FEES

4.1 Any Director may, by written notice filed with the Secretary of the Company no later than December 31 in a calendar year, elect to receive current payment of all or any portion of the monthly and meeting fees earned by him in calendar years subsequent to the calendar year in which he files such notice, in which case such fees shall not be deferred but shall be paid quarterly as earned and no interest shall be credited thereon. Such election shall be irrevocable as of December 31 of the year prior to the year in which the fees will be earned.

Notwithstanding the timing requirements described above, an individual who is newly elected as a Director may make the election described above by filing it with the Secretary of the Company within the thirty (30) day period immediately following the date he or she first becomes a Director eligible to participate in the Plan (and all plans that would be aggregated with the Plan pursuant to Treasury Regulation §1.409A-1(c)(2)(i)), provided that the

compensation subject to such election relates solely to services performed after the date of such election and provided, further, that such election shall become irrevocable on the thirtieth day following the date he or she first becomes a Director eligible to participate in the Plan. In no event shall the fees subject to an election under this Section 4.1 be paid later than the last day of the "applicable 2½ month period," as such term is defined in Treasury Regulation §1.409A-1(b)(4)(i)(A). Any Director who has previously provided notice pursuant to this Section 4.1 may, by written notice filed with the Secretary of the Company no later than December 31 in a calendar year, elect to defer payment of all or a portion of the monthly and meeting fees earned by him in calendar years subsequent to the year in which he files such notice, in which case such fees shall be paid to him in accordance with Section 4.2 below.

4.2 A Director's deferred fees earned pursuant to the Plan shall commence to be paid on the first day of the calendar month next following the earlier of his death or his attainment of age sixty-five (65) if he is not then serving as a Director, or the termination of his service as a Director if he serves as a Director after the attainment of age sixty-five (65).

4.3 A Director's deferred fees that have commenced to be payable pursuant to Section 4.2 shall be payable in annual installments in the order in which they shall have been deferred (i.e., the deferred fees and earnings thereon for the earliest year of service as a Director will be paid on the date provided for in Section 4.2, the deferred fees for the next earliest year of service as a Director will be paid on the anniversary of the payment of the first installment, etc.).

4.4 A Director's deferred fees shall continue to be paid until all deferred fees which he is entitled to receive under the Plan shall have been paid to him (or, in case of his death, to his beneficiary).

4.5 If a Director incurs a termination of service as a Director within two (2) years following the occurrence of a Change in Control (as defined below), the aggregate unpaid balance of such Director's deferred fees plus all unpaid interest credited thereon shall be paid to such Director in a lump sum within thirty (30) days following the date of such termination of service; provided, however, that if such Change in Control does not constitute a "change in control event" (as defined in Treasury Regulation §1.409A-3(i)(5)), then the aggregate unpaid balance of such Director's deferred fees shall be paid in accordance with Sections 4.2 and 4.3.

Notwithstanding any other provision of the Plan, if a Director has made the alternative election set forth in Section 8.1, and if such Director incurs a termination of service as a Director within five (5) years following the occurrence of a Change in Control, the aggregate unpaid balance of such Director's fees deposited to the Director's Grantor Trust (as defined below) plus all unpaid interest credited thereon, shall be paid to such Director from the Director's Grantor Trust in a lump sum within thirty (30) days following the date of such termination of service.

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

(a) the date any 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, excluding any Person who becomes such a Beneficial Owner in connection with a transaction described in clause (i) of paragraph (c) below; or

(b) 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 of Directors 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 of Directors or nomination for election by the Company's stockholders was approved or recommended by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors on the Effective Date or whose appointment, election or nomination for election was previously so approved or recommended; or

(c) 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 (i) a merger or consolidation (A) immediately following which the individuals who comprise the Board of Directors 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 or consolidation is then a subsidiary, the ultimate parent thereof and (B) 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 (ii) 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

(d) 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 of the Company, 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 the common stock of the Company

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 this Plan: "Affiliate" shall have the meaning set forth in Rule 12b-2 promulgated under Section 12 of the Exchange Act; "Beneficial Owner" shall have the meaning set forth in Rule 13d-3 under the Exchange Act; "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended from time to time; and "Person" shall have the meaning given in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof, except that such term shall not include (i) the Company or any of its subsidiaries, (ii) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any of its Affiliates, (iii) an underwriter temporarily holding securities pursuant to an offering of such securities, or (iv) a corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company.

4.7 A "Potential Change in Control" shall exist during any period in which the circumstances described in paragraph (a), (b), (c) or (d), below, exist (provided, however, that a Potential Change in Control shall cease to exist not later than the occurrence of a Change in Control):

(a) The Company enters into an agreement, the consummation of which would result in the occurrence of a Change in Control, provided that a Potential Change in Control described in this paragraph (a) shall cease to exist upon the expiration or other termination of all such agreements.

(b) Any Person (without regard to the exclusions set forth in clauses (i) through (iv) of such definition) publicly announces an intention to take or to consider taking actions the consummation of which would constitute a Change in Control; provided that a Potential Change in Control described in this paragraph (b) shall cease to exist upon the withdrawal of such intention, or upon a determination by the Board of Directors that there is no reasonable chance that such actions would be consummated.

(c) Any Person becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 10% or more of either the then outstanding shares of common stock of the Company or the combined voting power of the Company's then outstanding securities (not including any securities beneficially owned by such Person which are or were acquired directly from the Company or its Affiliates).

(d) The Board of Directors adopts a resolution to the effect that, for purposes of this Agreement, a Potential Change in Control exists; provided that a Potential Change in Control described in this paragraph (d) shall cease to exist upon a determination by the Board of Directors that the reasons that gave rise to the resolution providing for the existence of a Potential Change in Control have expired or no longer exist.

4.8 The provisions of Sections 4.5, 4.6, 4.7 and this Section 4.8 may not be amended or deleted, nor superseded by any other provision of this Plan, (i) during the pendency of a Potential Change in Control and (ii) during the period beginning on the date of a Change in Control and ending on the date five (5) years following such Change in Control.

SECTION 5.
CONVERSION TO COMMON STOCK UNITS

5.1 Any Director who is then serving as a director may, by written notice filed with the Secretary of the Company, irrevocably elect to have all or any portion of deferred fees previously earned but not yet paid, transferred from the Director's Deferred Fee Account to a stock account established under this Section 5 ("Stock Account"). Any election as to a portion of such fees shall be expressed as a percentage and the same percentage shall be applied to all such fees regardless of the calendar year in which earned or to all deferred fees earned in designated calendar years, as specified by the Director. A Director may make no more than one notional investment election under this Section 5.l in any calendar year. All such elections may apply only to deferred fees for which an election has not previously been made and shall be irrevocable.

5.2 Any Director may, by written notice filed with the Secretary of the Company, elect to have all or any portion of deferred fees earned subsequent to the date such notice is filed credited to a Stock Account established under this Section 5. Fees covered by such election shall be credited to such account at the end of each calendar quarter in, or for which, such fees are earned. Such election may be revoked or modified by such Director, by written notice filed with the Secretary of the Company, as to deferred fees to be earned in calendar years subsequent to the calendar year such notice is filed, but shall be irrevocable as to deferred fees earned prior to such year.

5.3 Deferred fees credited to a Stock Account under Section 5.1 shall be converted to Common Stock Units by dividing the deferred fees so credited by the closing price of common stock of the Company on the date the notice of election under Section 5 is received by the Company (or the next business day, if there are no sales on such date) as reported on the New York Stock Exchange Composite Reporting System. Deferred fees credited to a Stock Account under Section 5.2 shall be converted to Common Stock Units by dividing the deferred fees so credited by the closing price of common stock of the Company as of the last business day of the calendar quarter for which the credit is made, as reported on the New York Stock Exchange Composite Reporting System.

5.4 Each Common Stock Unit shall be credited with (or adjusted for) the same cash and stock dividends, stock splits and other distributions and adjustments as are received by or applicable to one share of common stock of the Company. All cash dividends and other cash distributions credited to Common Stock Units shall be converted to additional Common Stock Units by dividing each such dividend or distribution by the closing price of common stock of the Company on the payment date for such dividend or distribution, as reported by the New York Stock Exchange Composite Reporting System.

5.5 The value of the Common Stock Units credited each Director shall be paid to the Director in cash on the dates specified in Section 4.3 (or, if applicable, Section 4.5). The amount of each payment shall be determined by multiplying the Common Stock Units payable on each date specified in Section 4.3 (or, if applicable, Section 4.5) by the closing price of common stock of the Company on the day prior to the payment date (or the next preceding business day if there are no sales on such date), as reported by the New York Stock Exchange Composite Reporting System.

SECTION 6.
MISCELLANEOUS

6.1 Each Director or former Director entitled to payment of deferred fees hereunder from time to time may name any person or persons (who may be named contingently or successively) to whom any deferred Director's fees earned by him and payable to him are to be paid in case of his death before he receives any or all of such deferred Director's fees. Each designation will revoke all prior designations by the same Director or former Director, shall be in a form prescribed by the Company, and will be effective only when filed by the Director or former Director in writing with the Secretary of the Company during his lifetime. If a deceased Director or former Director shall have failed to name a beneficiary in the manner provided above, or if the beneficiary named by a deceased Director or former Director dies before him or before payment of all the Director's or former Director's deferred Directors' fees, the Company, in its discretion, may direct payment of the remaining installments required by Section 4.3 to either:

(a) any one or more or all of the next of kin (including the surviving spouse) of the Director or former Director, and in such proportions as the Company determines; or

(b) the legal representative or representatives of the estate of the last to die of the Director or former Director and his last surviving beneficiary.

The person or persons to whom any deceased Director's or former Director's deferred Directors' fees are payable under this Section will be referred to as his "beneficiary."

6.2 Establishment of the Plan and coverage thereunder of any person shall not be construed to confer any right on the part of such person to be nominated for reelection to the Board of Directors of the Company, or to be reelected to the Board of Directors.

6.3 Payment of deferred Directors' fees will be made only to the person entitled thereto in accordance with the terms of the Plan, and deferred Directors' fees are not in any way subject to the debts or other obligations of persons entitled thereto, and may not be voluntarily or involuntarily sold, transferred or assigned. When a person entitled to a payment under the Plan is under legal disability or, in the Company's opinion, is in any way incapacitated so as to be unable to manage his financial affairs, the Company may direct that payment be made to such person's legal representative, or to a relative or friend of such person for his benefit. Any payment made in accordance with the preceding sentence shall be in complete discharge of the Company's obligation to make such payment under the Plan.

6.4 Any action required or permitted to be taken by the Company under the terms of the Plan shall be by affirmative vote of a majority of the members of the Board of Directors then in office.

6.5 To the extent applicable, it is intended that the Plan comply with the provisions of Section 409A of the Internal Revenue Code of 1986, as amended ("Code Section 409A"). The Plan will be administered and interpreted in a manner consistent with this intent, and any

provision that would cause the Plan to fail to satisfy Code Section 409A will have no force and effect until amended to comply therewith (which amendment may be retroactive to the extent permitted by Code Section 409A). Notwithstanding anything contained herein to the contrary, for all purposes of this Plan, a Director shall not be deemed to have had a termination of service as a Director until the Director has incurred a separation from service as defined in Treasury Regulation §1.409A-1(h) and, to the extent required to avoid accelerated taxation and/or tax penalties under Code Section 409A and applicable guidance issued thereunder, payment of the amounts payable under the Plan that would otherwise be payable during the six-month period after the date of termination shall instead be paid on the first business day after the expiration of such six-month period, plus interest thereon, at a rate equal to the rate specified in Section 8.8 (to the extent that such interest is not already provided to the Director under Section 8.10), from the respective dates on which such amounts would otherwise have been paid until the actual date of payment. In addition, for purposes of the Plan, each amount to be paid and each installment payment shall be construed as a separate identified payment for purposes of Code Section 409A.

SECTION 7.
AMENDMENT AND DISCONTINUANCE

While the Company expects to continue the Plan, it must necessarily reserve, and does hereby reserve, the right to amend or discontinue the Plan at any time; provided, however, that any amendment or discontinuance of the Plan shall be prospective in operation only, and shall not affect the payment of any deferred Directors' fees theretofore earned by any Director, or the conditions under which any such fees are to be paid or forfeited under the Plan. Any discontinuance of the Plan by the Company shall comply with the requirements of Code Section 409A.

SECTION 8.
ALTERNATE PAYMENT OF FEES

8.1 A Director who was first elected or appointed to the Board of Directors before January 1, 2016 may, by written notice filed with the Secretary of the Company prior to each calendar year, elect to receive all or a portion of his fees earned in the following calendar year in accordance with the provisions of Section 8. An election under this Section 8.1 shall become irrevocable as of December 31 of the calendar year prior to the year in which such monthly and meeting fees will be earned (or, in the case of a new Director elected or appointed before January 1, 2016, on the 30th day following the Director's first participation in the Plan and all plans that would be aggregated with the Plan pursuant to Treasury Regulation §1.409A-1(c)(2)(i), provided that the compensation subject to such election relates solely to services performed after the date of such election).

8.2 If payment of a Director's fees is made pursuant to Section 8.1, such fees shall not be deferred and a portion of the gross amount of such fees shall be paid currently in cash for the Director directly to a "Grantor Trust" established by the Director, provided such trust is in a form determined by the Committee; and the balance of the gross amount of such fees shall be paid currently in cash directly to the Director, provided that the portion paid directly to the Director shall be an amount equal to the aggregate federal, state and local individual income taxes attributable to the gross fees paid pursuant to this Section 8.2 (determined in accordance with Section 8.14). In no event shall such fees be paid to the Grantor Trust or directly to the Director

later than the last day of the "applicable 2½ month period," as such term is defined in Treasury Regulation §1.409A-1(b)(4)(i)(A).

8.3 The Company will establish and maintain four separate accounts in the name of each Director who has made an election under Section 8.1 as follows: a "Pre-Tax Fee Account," an "After-Tax Fee Account," a "Pre-Tax Stock Account" and an "After-Tax Stock Account" (collectively, the "Accounts").

(a) The Pre-Tax Fee Account shall reflect the total amount of any fees paid in cash to a Director or deposited to a Director's Grantor Trust, including the amount equal to the aggregate federal, state and local individual income taxes attributable to the fees paid pursuant to Section 8.2, and Interest to be credited to a Director pursuant to Section 8.8. The After-Tax Fee Account shall reflect such gross amounts but shall be maintained on an after-tax basis.

(b) The Pre-Tax Stock Account shall reflect the total amount of fees converted to Common Stock Units pursuant to Section 5, including the amount equal to the aggregate federal, state and local individual income taxes attributable to the fees paid pursuant to Section 8.2, and any adjustments made pursuant to Section 8.9. The After-Tax Stock Account shall reflect such gross amounts but shall be maintained on an after-tax basis.

(c) The Accounts established pursuant to this Section 8.3 are for the convenience of the administration of the Plan and no trust relationship with respect to such Accounts is intended or should be implied.

8.4 As of the end of each calendar year, the Company shall adjust each Director's Pre-Tax Fee Account as follows:

(a) FIRST, charge, in any year in which the Director is entitled to receive a distribution from his or her Grantor Trust, an amount equal to the distribution from the fee account maintained thereunder that would have been made to the Director if the aggregate amounts paid according to Section 8.2 had instead been deferred under Section 3;

(b) NEXT, credit an amount equal to the gross amount of any fees paid for that year, not converted to Common Stock Units, that are paid to the Director (including the amount deposited in the Director's Grantor Trust and the amount equal to the aggregate federal, state and local individual income taxes attributable to the fees paid pursuant to Section 8.2) according to Section 8.2; and

(c) FINALLY, credit an amount equal to the Interest earned for that year according to Section 8.8.

8.5 As of the end of each calendar year, the Company shall adjust each Director's After-Tax Fee Account as follows:

(a) FIRST, charge, in any year in which the Director is in receipt of a benefit distribution from his or her Grantor Trust, an amount equal to the product of (i) the distribution that would have been made to the Director if the aggregate amounts paid according to Section 8.2 had instead been deferred under Section 3, multiplied by (ii) a fraction, the numerator of which is the balance in the Director's After-Tax Fee Account as of the end of the prior fiscal year and the denominator of which is the balance of the Director's Pre-Tax Fee Account as of that same date;

(b) NEXT, credit an amount equal to the fees not converted to Common Stock Units that are paid that year to the Director directly to the Director's Grantor Trust according to Section 8.2; and

(c) FINALLY, credit an amount equal to the After-Tax Interest earned for that year according to Section 8.8.

8.6 As of the end of each calendar year, the Company shall adjust each Director's Pre-Tax Stock Account as follows:

(a) FIRST, charge, in any year in which the Director is entitled to receive a distribution from his or her Grantor Trust, an amount equal to the distribution that would have been made to the Director if the aggregate amount of fees paid according to Section 8.2 had instead been deferred under Section 3 and the adjustments had been made under Section 5;

(b) NEXT, credit an amount equal to the total amount of any fees for that year that are converted to Common Stock Units and paid to the Director (including the amount deposited in the Director's Grantor Trust and the amount equal to the aggregate federal, state and local individual income taxes attributable to the fees paid pursuant to Section 8.2) and allocated to the Stock Account maintained thereunder) according to Section 8.2; and

(c) NEXT, credit an amount equal to the net earnings of the Director's Grantor Trust for the year; and

(d) FINALLY, credit an amount equal to the Book Value Adjustments to be made for that year according to Section 8.9.

8.7 As of the end of each calendar year, the Company shall adjust each Director's After-Tax Stock Account as follows:

(a) FIRST, charge, in any year in which the Director is entitled to receive a distribution from his or her Grantor Trust, an amount equal to the product of (i) the distribution that would have been made to the Director if the aggregate amounts paid according to Section 8.2 had instead been deferred under Section 3 and the adjustments had been made under Section 5, multiplied by (ii) a fraction, the numerator of which is the balance in the Director's After-Tax Stock Account as of the end of the prior fiscal year and the denominator of which is the balance of the Director's Pre-Tax Stock Account as of that same date;

(b) NEXT, credit an amount equal to the fees converted to Common Stock Units that are paid that year to the Director directly to the Director's Grantor Trust and allocated to the Stock Account maintained thereunder according to Section 8.2; and

(c) NEXT, credit an amount equal to the net earnings of the Director's Grantor Trust for the year; and

(d) FINALLY, credit an amount equal to the Book Value Adjustments to be made for that year according to Section 8.9.

8.8 The Director's Pre-Tax Fee Account and After-Tax Fee Account shall be credited with interest as follows:

(a) As of the end of each calendar year, a Director's Pre-Tax Fee Account shall be credited with interest ("Interest") at the following rate:

(i) the average of the "prime rate" of interest set forth on the Bloomberg Screen BTMM or comparable successor quotation service on the first business day of January and the last business day of each month of the fiscal year; plus

(ii) two hundred twenty-five (225) basis points.

(b) As of the end of each calendar year, a Director's After-Tax Fee Account shall be credited with the amount of Interest set forth above, multiplied by (one minus the aggregate of the applicable federal, state and local individual income tax rates and employment tax rate) (the "After-Tax Interest").

8.9 As of the end of each calendar year, a Director's Pre-Tax Stock Account and After-Tax Stock Account shall be adjusted as provided in Section 5.4, to the extent applicable, and shall also be adjusted to reflect the increase or decrease in the fair market value of the Company's common stock determined in accordance with Section 5.5, except that (i) any reference to the payment date in such Section shall mean December 31 of the applicable calendar year for purposes of this Section, and (ii) adjustments to the After-Tax Stock Account shall be made on an after-tax basis. Such adjustments shall be referred to as "Book Value Adjustments."

8.10 In addition to any fees paid to a Director's Grantor Trust under Section 8.2 during the year, the Company shall also make a payment (an "Interest Payment") with respect to each Director who has established a Grantor Trust for each year in which the Grantor Trust is in effect. The Interest Payment shall equal the excess, if any, of the gross amount of the Interest credited to the Director (as defined in Section 8.8(a)), over the net earnings of the Director's Grantor Trust for the year, and shall be paid within the thirty (30)-day period beginning April 1 of the following calendar year. A portion of such gross Interest Payment, equal to the excess, if any, of the Net Interest Accrual over the net earnings of the Director's Grantor Trust, shall be deposited in the Director's Grantor Trust, with the balance paid to the Director; provided, however, in the event that the net earnings of the Director's Grantor Trust exceeds the Net Interest Accrual, a distribution from the Grantor Trust shall be required in accordance with Section 8.15. A Director's Net Interest Accrual for a year is an amount equal to the After-Tax

Interest credited to the Director's After-Tax Fee Account for that year in accordance with Section 8.8(b).

8.11 In addition to the fees paid under Section 8.2 during the year and the Interest Payment described above, the Company shall also make a payment (a "Principal Payment") with respect to each Director who has established a Grantor Trust for each year in which the Grantor Trust is in effect, to be credited to the Stock Account maintained thereunder. The Principal Payment shall equal the excess, if any, of 75 percent of the fair market value (as determined in accordance with Section 6.5) of the balance of the Director's Pre-Tax Stock Account on December 31 over the balance in the Stock Account maintained under the Director's Grantor Trust as of that same date, and shall be paid within the thirty (30)-day period beginning April 1 of the following calendar year. For the calendar year in which the last installment distribution is made from the Director's Grantor Trust (meaning, the year that is X years following the year of the event triggering the payments, where X is the same number of years served by the Director), the payment made under this Section 8.11 shall equal the excess, if any, of 100 percent of the balance of the Director's After-Tax Stock Account over the balance in the Stock Account maintained under the Director's Grantor Trust as of that same date.

8.12 Each Director's Grantor Trust assets shall be invested solely in the instruments specified by investment guidelines established by the Committee. Such investment guidelines, once established, may be changed by the Committee, provided that any change shall not take effect until the year following the year in which the change is made and provided further that the instruments specified shall be consistent with the provisions of Section 3(b) of the form of Grantor Trust established by the Committee.

8.13 For purposes of Section 8, a Director's federal income tax rate shall be deemed to be the highest marginal rate of federal individual income tax in effect in the calendar year in which a calculation under this Section is to be made and state and local tax rates shall be deemed to be the highest marginal rates of individual income tax in effect in the state and locality of the Director's residence on the date such a calculation is made, net of any federal tax benefits without a benefit for any net capital losses. Notwithstanding the preceding sentence, if a Director is not a citizen or resident of the United States, his or her income tax rates shall be deemed to be the highest marginal income tax rates actually imposed on the Director's benefits under this Plan or earnings under his or her Grantor Trust without a benefit for any net capital losses.

8.14 If a portion of a Director's fees have been paid to a Grantor Trust pursuant to Section 8.2, then those fees and earnings thereon shall be paid to him from the Grantor Trust in the order in which they were earned (i.e., the fees for the earliest year of service as a Director will be the first fees distributed from the Grantor Trust(s), the fees for the next earliest year of service as a Director will be paid on the anniversary of the payment of the first installment, etc.). The distribution of a Director's fees shall continue until all fees which the Director is entitled to receive under the Plan shall have been paid in accordance with the terms of the Grantor Trust(s).

8.15 AbbVie, as the administrator of the Director's Grantor Trust, may direct the trustee to distribute to the Director from the income of such Grantor Trust, a sum of money sufficient to pay the taxes on trust earnings for such year, to the extent a sufficient sum of money has not been paid to the Director pursuant to Section 8.10 or 8.11, as applicable. The taxes shall be determined in accordance with Section 8.13.

8.16 AbbVie, as the administrator of the Director's Grantor Trust, may direct the trustee to pay the appropriate federal, state and local individual income taxes attributable to the fees and other payments paid to the Director pursuant to Sections 8.2, 8.10 and 8.11 to the applicable tax authorities on behalf of the Director. The taxes shall be determined in accordance with Section 8.13.

Exhibit 31.1

Certification of Chief Executive Officer
Required by Rule 13a-14(a) (17 CFR 240.13a-14(a))

I, Richard A. Gonzalez, certify that:

1. I have reviewed this quarterly report on Form 10-Q of AbbVie Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of AbbVie as of, and for, the periods presented in this report;

4. AbbVie's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for AbbVie and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to AbbVie, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of AbbVie's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in AbbVie's internal control over financial reporting that occurred during AbbVie's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, AbbVie's internal control over financial reporting; and

5. AbbVie's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to AbbVie's auditors and the audit committee of AbbVie's board of directors:

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect AbbVie's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in AbbVie's internal control over financial reporting.

Date: August 4, 2022

/s/ Richard A. Gonzalez
Richard A. Gonzalez, Chairman of the Board
and Chief Executive Officer

Exhibit 31.2

Certification of Chief Financial Officer
Required by Rule 13a-14(a) (17 CFR 240.13a-14(a))

I, Scott T. Reents, certify that:

1. I have reviewed this quarterly report on Form 10-Q of AbbVie Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of AbbVie as of, and for, the periods presented in this report;

4. AbbVie's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for AbbVie and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to AbbVie, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of AbbVie's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in AbbVie's internal control over financial reporting that occurred during AbbVie's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, AbbVie's internal control over financial reporting; and

5. AbbVie's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to AbbVie's auditors and the audit committee of AbbVie's board of directors:

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect AbbVie's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in AbbVie's internal control over financial reporting.

Date: August 4, 2022

/s/ Scott T. Reents
Scott T. Reents, Senior Vice President,
Chief Financial Officer

Exhibit 32.1

Certification Pursuant To
18 U.S.C. Section 1350
As Adopted Pursuant To
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of AbbVie Inc. (the "Company") on Form 10-Q for the period ended June 30, 2022 as filed with the Securities and Exchange Commission (the "Report"), I, Richard A. Gonzalez, Chairman of the Board and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Richard A. Gonzalez
Richard A. Gonzalez
Chairman of the Board and Chief Executive Officer
August 4, 2022

A signed original of this written statement required by Section 906 has been provided to AbbVie Inc. and will be retained by AbbVie Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

Certification Pursuant To
18 U.S.C. Section 1350
As Adopted Pursuant To
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of AbbVie Inc. (the "Company") on Form 10-Q for the period ended June 30, 2022 as filed with the Securities and Exchange Commission (the "Report"), I, Scott T. Reents, Senior Vice President, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Scott T. Reents
Scott T. Reents
Senior Vice President, Chief Financial Officer
August 4, 2022

A signed original of this written statement required by Section 906 has been provided to AbbVie Inc. and will be retained by AbbVie Inc. and furnished to the Securities and Exchange Commission or its staff upon request.