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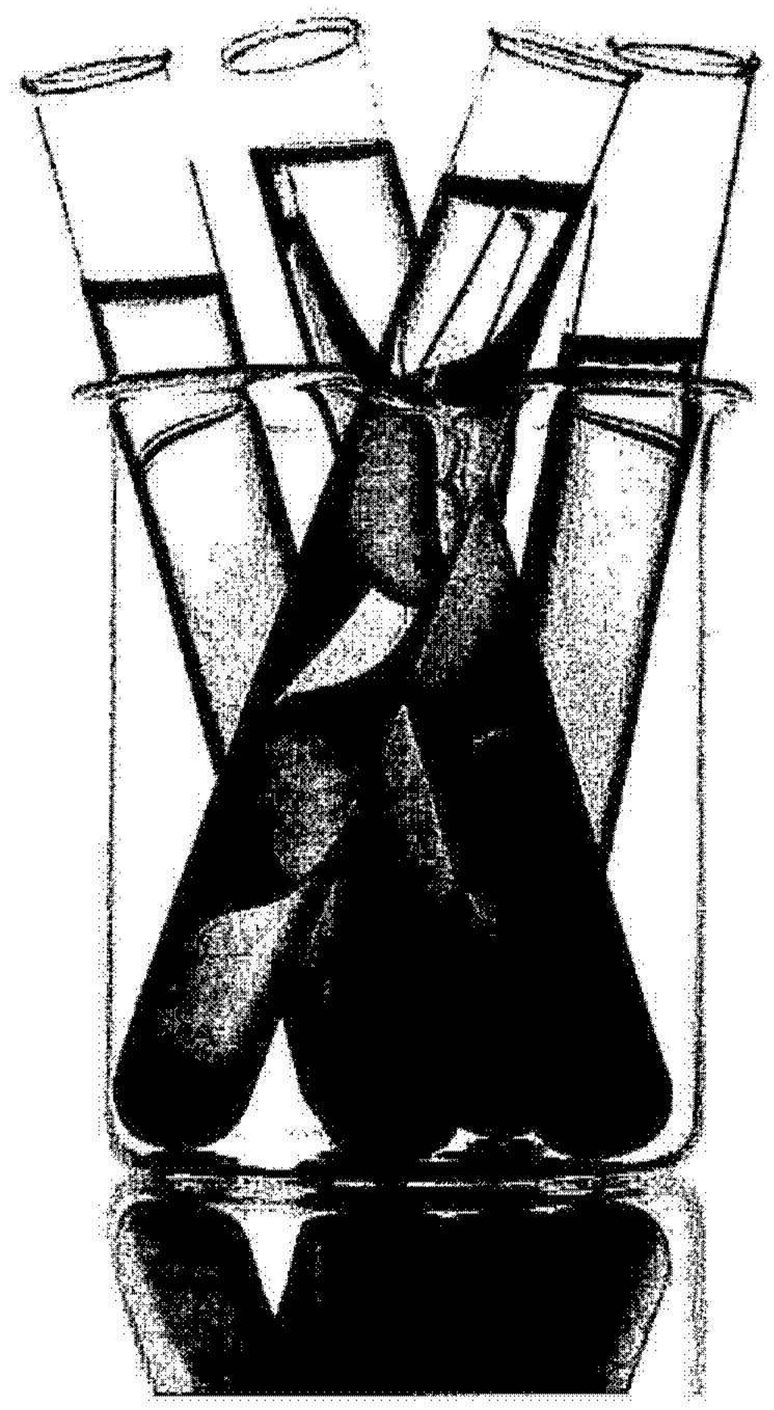
abbvie



ÅRSREDOVISNING
SVERIGE 2021

Fotokopians överensstämmelse
med originalet intygas:
Saija Enelius
08-220900

20220711151259

AbbVie AB
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Innehållsförteckning

Årsredovisningen omfattar följande: **Sida**

Förvaltningsberättelse	3
Resultaträkning	14
Balansräkning	15
Rapport över förändringar i eget kapital	17
Kassaflödesanalys	18
Noter	19

Om inte annat särskilt anges, redovisas alla belopp i tusental kronor.

Fastställelseintyg

Undertecknad styrelseledamot, Linn Mandahl, intygar härmed, dels att denna kopia av årsredovisningen stämmer överens med originalet, dels att resultaträkningen och balansräkningen för företaget har fastställts på årsstämma den 28 juni 2022.
Årsstämman beslutade att godkänna styrelsens förslag till resultatdisposition.
Stockholm den 28 juni 2022

Linn Mandahl

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Förvaltningsberättelse

Styrelsen och verkställande direktör för AbbVie AB avger härmed årsrapporten för räkenskapsåret 2021-01-01 – 2021-12-31.

Om AbbVie globalt

AbbVie bildades i Delaware den 10 april 2012 för att inneha den forskningsbaserade delen av Abbott Laboratories läkemedelsverksamhet, och blev ett självständigt bolag den 1 januari 2013 till följd av Abbott Laboratories fördelning av 100 % av de utstående stamaktierna till aktieägare. Företagets mål är att använda sin kompetens, dedikerade människor och unika innovationsmetoder för att utveckla och marknadsföra avancerade terapibehandlingar som tar itu med några av världens mest komplexa och allvarliga sjukdomar. Abbvie har globala intäkter på 56,2 miljarder dollar, cirka 48 000 anställda världen över och marknadsför läkemedel i fler än 170 länder.

För ytterligare information om företaget och dess medarbetare, portfölj och engagemang, besök gärna www.abbvie.com.

AbbVie Sverige hade 120 anställda i slutet av 2021 med huvudkontor i Solna, Stockholm.

AbbVie är ett biofarmaföretag med den expertis och ekonomiska utveckling som uppvisas av en etablerad ledare i läkemedelsindustrin. Genom ett målinriktat tillvägagångssätt, där patienten är i fokus för forskning och utveckling, påskyndar AbbVie nya vetenskapliga upptäckter för att ta itu med några av de mest komplexa sjukdomarna och bidra till hållbarheten i hälsovårdssystem runt om i världen. AbbVies verksamhet fokuserar på immunologi, onkologi, neurologi och virologi.

Verksamhetens art och inriktning

Abbvie AB:s huvudverksamhet är inom marknadsföring, försäljning och utbildning av receptbelagda läkemedel. Försäljningen sker genom en distributör till svenska apotek och sjukhus. Prissättningen av de föreskrivna produkterna överensstämmer med riktlinjerna från Tandvårds-och-Läkemedelsförmånsverket (TLV) och i förekommande fall genom avtal med svenska landsting.

Läkemedel

HUMIRA (adalimumab) är ett patientadministrerat biologiskt läkemedel, godkänt för behandling av reumatoid artrit, psoriasisartrit, polyartikulär juvenil idiopatisk artrit, ankyloserande spondylit (inklusive icke-radiografisk), entesisrelaterad artrit, uveit, psoriasis, pediatrisk plackpsoriasis, Crohns sjukdom, pediatrisk Crohns sjukdom, ulcerös kolit och Hidradenitis Suppurativa. Humira är ett TNF-hämmande antiinflammatoriskt läkemedel.

DUODOPA (levodopa, carbidopa) är ett receptbelagt läkemedel som används för behandling av motoriska fluktuationer vid långt framskriden Parkinsons sjukdom. Duodopa är i gelform, kallat suspension, med carbidopa och levodopa. Det levereras kontinuerligt med en pump till patientens tarmar. Den används under sjukdomens komplicerade fas när andra tillgängliga orala behandlingar inte längre ger tillfredsställande resultat.

Fotokopians överensstämmelse
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VENCLYXTO (venetoclax) är ett cancerläkemedel som används för att behandla vuxna med blodcancertypen kronisk lymfocytisk leukemi (KLL). I maj 2021 godkändes Venclyxto (venetoclax) och prissubventioneras sedan december 2021 för behandling av patienter med nydiagnostiserad akut myeloisk leukemi (AML) som inte är lämpliga för intensiv kemoterapi. Den aktiva substansen i Venclyxto, venetoclax, binder till ett protein som kallas Bcl-2. Detta protein finns i stora mängder i KLL-cancerceller, där det hjälper cellerna att överleva längre i kroppen och gör dem resistenta mot cancerläkemedel. Genom att binda till Bcl-2 och blockera dess funktion, dödar venetoclax cancerceller och bromsar därmed utvecklingen av sjukdomen.

SKYRIZI (risankizumab) är ett patientadministrerat biologiskt läkemedel, godkänt för behandling av vuxna patienter med måttlig till svår plackpsoriasis eller psoriasisartrit.

RINVOQ (upadacitinib) är ett patientadministrerat biologiskt läkemedel, godkänt för behandling av reumatoid artrit, psoriasisartrit, ankyloserande spondylit och atopisk dermatit. RINVOQ är en tablett som förbättrar livskvaliteten och minskar inflammation i lederna hos patienterna.

MAVIRET (glekaprevir/pibrentasvir) är ett ribavirinfritt, direktverkande antiviralt läkemedel som används vid behandling av patienter med kronisk hepatit C. Maviret är en kombination av NS3/4A-proteashämmare och NS5A-hämmare.

KALETRA (lopinavir och ritonavir) och NORVIR (ritonavir) är proteashämmare som används med andra medicinska produkter för att behandla HIV.

SYNAGIS (palivizumab) är en monoklonal antikropp som förhindrar allvarliga infektioner i andningssystemet orsakade av RSV (Respiratory syncytial virus) hos barn med risk för RSV. I juli 2021 överfördes rättigheterna till Synagis till AstraZeneca (marknadsföringstillstånd, leverans- och distributionsnätverk och befintliga kundåtaganden).

PROCREN (leuprorelin) är en hormonell behandling som godkänts för behandling av prostatacancer och endometrios.

Anestesi och smärtlindring: Inom området för anestesi och smärtlindring marknadsför AbbVie AB anestetiska medel för inhalation, SEVORANE (sevofluran) och FORENE (isofluran).

Royalty

AbbVie AB är ägare av vissa varumärkesrättigheter och ägare till en unik licens gällande vissa patenträtter relaterade till den farmaceutiska produkten för mänsklig användning, innehållande levodopa/carbidopa, vilken säljs i Sverige under namnet Duodopa.
AbbVie AB har två unika licensavtal, som tillåter unika licensavgifter för detta varumärke och dess patenträtter, med

- AbbVie Ireland Limited för alla landsområden i världen, förutom USA och
- AbbVie Inc. för USA-området.

Övrig verksamhet

AbbVie AB deltar i koncernens globala kliniska prövningsverksamhet i enlighet med interna och internationella riktlinjer för god forskningssed.

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Väsentliga händelser under räkenskapsåret

Integreringen av Allergan: AbbVie tillkännagav den 8 maj 2020 att förvärvet av Allergan plc slutförts efter erhållande av alla myndighetsgodkännande som erfordrades enligt transaktionsavtalet och efter godkännande av den irländska High Court. Det nya AbbVie kommer att vara en väl diversifierad ledare inom många viktiga terapeutiska kategorier, med läkemedel både på marknaden och under framtagande. I Sverige har samarbetet mellan AbbVie och Allergan ökat under 2021 och dedikerade lokala team arbetar tillsammans med globala projektteam inom flera olika arbetsområden (juridiska steg, P2P, O2C, R2R...). Abbvie och Allergan fortsätter under 2021 att verka med separata juridiska enheter på den svenska marknaden. AbbVie Sveriges ledning har emellertid övertagit ansvaret för vissa delar av Allergans portfölj och AbbVie AB har i Sverige tillhandahållit och debiterat Allergan för ett antal managementtjänster och andra tjänster. År 2021 har präglats av den progressiva integrationen av Allergans processer och resurser i Abbvies verksamhetsmodell: övergång av anställda till Abbvies HR-avdelning, kontorsflytt, systemintegration, distributionsmodellövergång, migrering av kunder och leverantörer. Den 6 december överförde bolagets aktieägare AbbVie Central Finance B.V sina aktier i Allergan Norden Aktiebolag till Abbvie AB. Kort därefter i december fattades beslut att fusionera Allergan Norden Aktiebolag med Abbvie AB.

Effekterna av covid-19: Som svar på den pågående folkhälsokrisen som orsakats av covid-19 fortsätter AbbVie sitt fokus på att säkerställa sina anställdas säkerhet. Under pandemin har AbbVie följt riktlinjerna från statliga och lokala hälsomyndigheter och vidtagit säkerhetsåtgärder för de anställda som nu återvänder till arbetsplatsen.
AbbVie fortsätter också att noggrant kontrollera tillverknings- och leverantörskedjans resurser runt om i världen för att säkerställa att patienter fortsätter att få en oavbruten leverans av sina läkemedel. Vid kliniska prövningar övervakas prövningsställena lokalt för att skydda säkerheten för deltagare, personal och anställda i studien. Även om covid19s inverkan på AbbVies verksamhet hittills inte har varit väsentlig, fortsätter AbbVie att uppleva färre nya patienter för vissa produkter och marknader. AbbVie förväntar sig att den här situationen även fortsatt kan komma att påverka verksamhetsresultatet negativt under hela pandemin.
I vilken utsträckning covid-19 kommer att påverka AbbVies finansiella ställning och verksamhetsresultat är fortfarande osäkert och beror på många föränderliga faktorer, t.ex. vilka åtgärder som vidtas av myndigheter för att mildra spridningen av sjukdomen, uppkomsten av nya varianter och tillgänglighet och framgångsrik administrering av effektiva vacciner.

Farmaceutiska produkter

År 2021 ökade nettoomsättningen med 0,2 % jämfört med föregående år.

Försäljningen av **HUMIRA** var stabil jämfört mot 2020.

DUODOPA-försäljningen minskade med 10 % 2021 jämfört med föregående år på grund av en ny konkurrent som vunnit marknadsandelar och färre nya patienter som påbörjat en behandling med Duodopa under Covid-pandemin.

VENCLYXTO-försäljningen ökade med 28 %, drivet av tilltagande tillväxt till följd av lanseringen av nya indikationer och bredare marknad.

SKYRIZI upplevde en tillväxt på 78 % och nådde en försäljning på 37 miljoner kronor efter att ha lanserats på den svenska marknaden under 2019.

RINVOQ godkändes i december 2019 och prissubventioneras sedan mars 2020 för behandling av patienter med reumatoid artrit. Rinvoq rekommenderades för användning från andra halvan av 2020 vilket resulterade i en försäljningsutveckling som uppgick till 50 miljoner kronor under 2021.

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Försäljningen av **SEVORANE** minskade med 58 %, delvis på grund av en minskning av det beredskapslager som byggts upp under 2020.

SYNAGIS överfördes från AbbVie till Astra Zeneca från och med juli 2021. Ingen mer försäljning av denna produkt kommer att registreras under den andra halvan av 2021.

Försäljningen av alla övriga produkter från AbbVie Sveriges portfölj (Kaletra, Zemplar, Norvir, Moderiba, Maviret med flera) utgör mindre än 5 % av den totala försäljningen.

Förväntad framtida utveckling

Försäljningen av HUMIRA kommer fortsätta att påverkas av konkurrensen från nya produkter och biosimilarer. Även om marknaden för immunologiska läkemedel förväntas fortsätta växa, kommer den ökade konkurrensen om priser och marknadsandelar att leda till en minskad försäljning under 2022.

SKYRIZI och RINVOQ kommer att fortsätta växa och bidra starkare till försäljningen inom området för immunologi under 2022 och de efterkommande åren. Detta kommer att drivas av ökade marknadsandelar inom de godkända indikationerna, men också av det förväntade godkännandet av ytterligare indikationer under de kommande åren.

För DUODOPA förväntas en stabil försäljningsnivå. Trots en fortsatt ökande efterfrågan på behandling för patienter med avancerad Parkinsons sjukdom, kan fortsatt konkurrens på den svenska marknaden komma att påverka försäljningen.

Venclyxto förväntas att även fortsatt vinna andelar på KLL- och AML-marknaden och försäljningen förväntas öka under 2022.

Som en konsekvens av fusionen med Allergan, Allergans portfölj att vara en del av Abbvie Sales (Eye Care och Botox Aesthetics) från april och framåt.

Royaltyintäkter

AbbVie AB är ägare till vissa varumärkesrättigheter och en exklusiv licens, kommersialiserad i Sverige som Duodopa. Royaltyintäkter relaterade till dessa utgjorde 605 296 000 kronor att jämföra med 609 110 000 kronor 2020. 66 877 000 kronor av royalty-inkomsten, mottagna från AbbVie Inc., är relaterade till amerikanskt territorium, och 538 419 000 kronor, mottagna från AbbVie Ireland Limited, är relaterade till resten av världen förutom USA.

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Ägande

Fram till 1 juli 2021 var AbbVie AB ett helägt dotterbolag till AbbVie Investments S.a R.L., med registreringsnummer B 166925 och registrerat huvudkontor i Luxemburg.
Från och med 1 juli 2021 är AbbVie AB ett helägt dotterbolag till AbbVie Central Finance B.V., med registreringsnummer 857923377 och registrerat huvudkontor i Nederländerna. Årsredovisningen för AbbVie Central Finance B.V finns tillgänglig via Kamer van Koophandel.

Moderbolaget är AbbVie Inc. med registreringsnummer 32-0375147 och registrerat huvudkontor i Illinois, USA. Koncernredovisningen för AbbVie finns att beställa på www.abbvie.com.

Omsättning, resultat och ställning (kSEK)

	2021	2020	2019	2018
Nettoomsättning	459 708	458 628	487 451	1 261 368
Rörelseresultat	627 017	640 665	620 484	576 099
Resultat efter finansiella poster	626 893	640 802	620 495	576 050
Balansomslutning	2 066 681	1 364 512	1 813 178	1 461 264
Soliditet [1)]	85%	63%	64%	69%
Avkastning på eget kapital [2)]	38%	50%	45%	57%
Avkastning på totalt kapital [3)]	37%	40%	38%	48%
Medelantal anställda	118	118	127	134

1) Justerat eget kapital/Balansomslutning
2) (Resultat efter finansiella poster x 79.4%)/Genomsnittligt justerat eget kapital
3) (Resultat efter finansiella poster)/Genomsnittlig balansomslutning

Riskhantering

Företaget är utsatt för olika ekonomiska risker till följd av företagsverksamheten, exempelvis risker rörande valutakursförändringar, räntor, finansiering, samt krediter och motparter. AbbVie AB hanterar riskerna i enlighet med riktlinjerna för riskhantering som implementerats inom gruppen.

Miljö

AbbVie AB bedriver inte tillstånds- eller anmälningspliktig verksamhet enligt Miljöbalken.

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Förslag till vinstdisposition (SEK)

Till årsstämmans förfogande står följande medel:

Balanserade vinstmedel	1 268 690 205
Årets resultat	496 268 238
	1 764 958 444
Styrelsen och verkställande direktören föreslår	
Intäkter som ska överföras	1 764 958 444

Bolagets ekonomiska resultat och ställning presenteras i följande resultaträkning, balansräkning och kassaflödesanalys med tilläggskommentarer. Alla belopp anges i tusentals svenska kronor (kSEK) om inte annat anges.

Hållbarhetsrapport

Vårt samhällsansvar - tillsammans kan vi lösa morgondagens tuffaste hälsoutmaningar

Vi är ett företag som tar itu med de tuffaste hälsoutmaningarna. Men vi gör mer än att bara behandla sjukdomar - vårt mål är att förbättra livet för människor som påverkas av sjukdom. Vi är AbbVie, ett fokuserat, forskningsdrivet biofarmaföretag. Vi vet av erfarenhet att vi skapar de bästa lösningarna tillsammans. Det är därför vi samarbetar med andra för att klara framtidens hälsoutmaningar. Våra partners inkluderar representanter från hela sjukvårdskedjan; vårdgivare och patienter, anhöriga, beslutstagare, intressegrupper och andra relevanta företag och samhällsmedlemmar. Genom att arbeta tillsammans har vi större möjligheter att skapa de bästa lösningarna för patienterna.

AbbVie vill bidra till en hållbar framtid för hälso- och sjukvården i Sverige. Därför lägger vi på AbbVie i Sverige stor vikt vid vårt ansvar som företag. Grundläggande är att vi följer vår branschorganisation LIFs etiska regelverk samt att vi behandlar våra medarbetare, samarbetspartners och leverantörer med respekt.

Det behövs mer än läkemedel

På AbbVie vill vi vara med och skapa förutsättningar för en högkvalitativ sjukvård som möter kommande generationers behov. Detta innebär att vårt företag går längre än till bara forskning och utveckling av innovativa läkemedel. Vi tror att samarbete och samhällsansvar är nycklarna till hållbara lösningar på framtida hälsoutmaningar. Vi kombinerar våra läkemedel med utbildning och innovativa sjukvårdsinitiativ, ofta i form av e-hälsolösningar. Nya digitala verktyg så som supportprogram för vården och patienter möjliggör också att patienten blir mer delaktig och får bättre behandlingsresultat och mer kontroll över sin sjukdom och livssituation. Att vara inblandade i filantropiska initiativ utöver våra läkemedel är nyckeln till att vara en partner som skapar vårt framtida samhälle.

AbbVie AB omfattas av årsredovisningslagens krav för hållbarhetsrapportering och denna hållbarhetsrapport omfattar AbbVie AB:s verksamhet. Inom AbbVie-koncernen bedrivs arbete med miljö- och samhällsansvar inom tillverkning av läkemedel och med leverantörer. AbbVie ABs verksamhet är huvudsakligen inom marknadsföring och försäljning av läkemedel vilket medför begränsad påverkan på och risker inom miljö och mänskliga rättigheter. Dessa frågor hanteras inom ramen för AbbVie-koncernens arbete. AbbVie publicerar en global "Responsible Action Report" som detaljerar globala aktiviteter och hur AbbVie tar ansvar för en hållbar affärsmodell.

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På AbbVie tar vi samhällsansvaret på allvar då detta inte bara bidrar till samhället vi lever i utan också ger mening och stolthet till det arbete vi utför. Denna känsla av mening och stolthet sträcker sig också till det viktiga arbete vi utför då vi förändrar liv - och detta ökar chansen att göra det ännu bättre. Vi investerar därför i resurser, både i from av tid och pengar, för att våra medarbetare ska engagera sig i våra filantropiska initiativ. Detta gäller för hela vår globala organisation och för vår lokala skandinaviska organisation.

Förutom de patientinitiativ vi driver har vi också valt att ta ännu större ansvar genom att bidra till det samhälle vi lever i genom Employee Volunteering och AbbVie Giving.

Ett exempel på Employee Volunteering är vårt partnerskap med Convictus, en icke vinstdrivande organisation som arbetar med hemlöshet, drogberoende och hälsa, där vi bidrar med både kunskap och praktiskt arbete. Partnerskapet med Convictus är en del av det större samhällsansvaret som AbbVie Sverige tar för att bidra till samhället vi lever och arbetar i. Partnerskapet har en koppling till vårt företag i och med att många är både HIV- och hepatit C-smittade. På det sättet kan vi bidra med den kunskap och de kontakter vi har inom dessa områden.

Sedan starten av detta partnerskap för mer än fem år sedan har vi haft en del verksamhet med Convictus, allt från föreläsningar till välgörenhet och så kallade "Day of possibilities". Två år i rad ledde vi Day of Possibilities, där många av AbbVies anställda utförde både praktiskt och kunskapsbaserat arbete på Convictus tre boenden och hälsocenter i Stockholm.

2019 samarbetade vi med Ronald McDonald Barnfond, inom ramen för Day of Possibilities, där våra medarbetare bidrog med praktiska insatser i de fem familjehus som finns i anslutning till universitetssjukhusen.

2020 valde vi att donera pengar till BRIS istället, då pandemin satte stopp för praktiska insatser.

2021 samarbetade vi återigen med Ronald McDonald och fler medarbetare än någonsin deltog i Day of Possibilities i de fem familjehusen i olika delar landet. För 2022 planerar vi en liknande dag.

Ett annat exempel på Employee Giving är Patients at Heart, där AbbVies anställda ges möjligheten att träffa folk med sjukdomar genom att erbjuda patientorganisationer praktisk hjälp med specifika uppgifter som stärker deras företag. Varje anställd kan ägna en dag om året åt volontärarbete i enlighet med vårt engagemang för samhällsfrågor. Om arbetet utförs under en helg, vilket är vanligt, kan den anställde ta ledigt en annan dag.

Under AbbVie Givings paraply har vi gett donationer till olika initiativ, bland annat organisationer som:

- Blodcancerfonden
- Barnens rätt i Samhället (BRIS)
- Mag-Tarmfonden
- SSDV (Svenska Sällskapet för Dermatologi och Venereologi)
- FSGS (Föreningen för Sjuksköterskor inom Gastroenterologi)
- Ronald McDonald Barnfond

För att sammanställa våra samhällsinitiativ kan man säga att de sträcker sig från en rad innovativa initiativ för att förändra livet för patienter som lever med allvarliga sjukdomar, till samskapande med organisationer som på olika sätt bidrar till samhället vi lever i.

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Etik och integritet

Genom att låta ett konkurrerande intresse påverka ett bra beslut kan vi riskera vårt anseende som ett ärligt och rättvist företag. Våra medarbetare är utbildade i vilka intressekonflikter som kan uppstå, till exempel en nära och personlig relation med någon som arbetar hos en av AbbVies leverantörer, investeringar i ett företag som konkurrerar med AbbVie, göra affärer å AbbVies vägnar med ett företag som ägs av en familjemedlem eller erbjuda konsulttjänster till ett annat läkemedelsföretag och hur man kan undvika detta.

För att stödja våra anställda i att göra rätt har AbbVie en global uppförandekod som gäller för alla AbbVies anställda. Uppförandekoden står för våra värderingar och normer och är grunden till vårt företags etik- och följsamhetsprogram. Vår uppförandekod genomsyrar vårt dagliga arbete och beslut på arbetsplatsen och inom patientvården och marknaden, bland annat avseende patientsekretess, ansvarsfull marknadsföring av våra produkter samt efterlevnad av branschens lagar och bestämmelser. Det finns utbildningsprogram för våra anställda som syftar till att förmedla uppförandekoden, öva på innehållets alla delar och efter genomförandet av ett prov online bekräfta att man även förstått dess innehåll. Alla nyanställda undervisas i uppförandekoden i början av sin anställning och därefter får de uppföljning varje år.

Alla medarbetare och konsulter utbildas årligen i företagets så kallade Code of Business Conduct och Anti-Corruption Policys. Vidare utbildas samtliga medarbetare och konsulter årligen i företagets lokala och globala processer för att säkerställa att vi på så sätt följer alla lagar och regler och våra högt ställda etiska krav.

Överensstämmelse med regler och bestämmelser säkerställs genom kvartalsvis övervakning, genom samverkan med sjukvårdsorganisationer och -personal, samt donationer och andra transaktioner i enlighet med definierade gällande standarder. Resultaten av denna övervakning presenteras för tillämpningskommittén varje kvartal. Baserat på resultaten fastställs åtgärdsplaner för att agera utifrån resultaten och kontinuerligt höja ribban.

AbbVie har upprättat en global jourlinje där anställda kan anmäla alla överträdelser av, eller tankar kring, uppförandekoden, antingen till en jourlinje, till vice VD eller vår chef för Office of Ethics and Compliance. De anställda kan välja att skicka in sina rapporter anonymt.

Utöver våra interna policyer och program följer vi branschens etiska regler. Läkemedelsbranschens industriorganisation, LIF, har ett stort och omfattande eget åtgärdssystem för att upprätthålla hög etik och trovärdighet. Egenåtgärdssystemet innefattar såväl interna regler som avtal med de parter som ofta samarbetar med läkemedelsföretag. AbbVie följer LIFs etiska regelverk sedan länge, och utbildar sig också kontinuerligt för att säkerställa att vi följer med i förändringar i LER.

Vidare följer vi den europeiska branschorganisationen för läkemedelsföretag, EFPIA, och den nya etiska uppförandekoden som innebär att värdeöverföringar i form av exempelvis konsultarvoden från läkemedelsföretag till hälso- och sjukvårdspersonal eller övrig hälso- och sjukvård görs offentlig. Det innebär att läkemedelsföretag som agerar på den svenska marknaden publicerar vilka personer eller organisationer som har fått värdeöverföringar under ett visst år, samt det sammanlagda värdet av dessa. Den första rapporteringen genomfördes av företagen i maj 2016 och rapporter publiceras nu årligen i maj månad i enlighet med EFPIAs krav. Sjukvårdspersonal brukar generellt sett godta att AbbVie publicerar denna information på en individuell basis, som dokumenteras med en hög samtyckesnivå på 100 % 2020 (vs 97,4 % 2019). Vidare rapporterar vi alla värdeöverföringar och samarbeten med patientorganisationer och även våra donationer årligen till EFPIA. Alla värdeöverföringar som vi gör publiceras också publikt på LIFs webbsida; www.lif.se.

Arbetsmiljö och företagskultur

Engagerade medarbetare är vår viktigaste resurs och genom ett ambitiöst program för att bygga en kultur som gör oss till Sveriges bästa arbetsplats vill vi kunna attrahera och behålla nyckelkompetenser för att hitta nya lösningar på framtidens hälsoutmaningar.

20220711151268

AbbVie AB
556887-5651

Vi har en rad olika policys för att säkerställa kvaliteten i vårt arbete, bland annat kring arbetsmiljö och likabehandling och mångfald. AbbVie har utsett skyddsombud och arbetar kontinuerligt för att göra vår arbetsplats säker och ergonomisk. Chefer och anställda utbildas i detta ämne och granskningar görs. Samtidigt finns det en separat hälsogrupp med deltagare från olika avdelningar på företaget i Sverige samt representanter från Danmark och Norge. Tillsammans driver gruppen hälsofrämjande initiativ och aktiviteter för hela organisationen samt tar fram nya förslag och idéer för hur vi ytterligare kan förbättra våra medarbetares välmående. Vidare har vi en tydlig process kring utvärdering, feedback, bonus och belöningar. Dessa policys och program är grundstenar i vårt medarbetarprogram.

Vår företagskultur är ständigt i fokus och alla medarbetare är delaktiga i arbetet att forma vår gemensamma arbetsplats. Ett sätt att göra detta är genom Culture Hothouse, en grupp som består av en representant från varje avdelning på företaget och har till uppgift att fånga upp och driva de områden som vi vill förbättra och värna om. Den gemensamma plattformen för vårt kulturarbete är våra värderingar, våra beteenden och vår kulturvision. Våra värderingar sammanfattar vi i orden människor, medkänsla och möjligheter. Vårt beteende kallas The Ways We Work och består av fem olika områden: Alla för en, Smarta & Säkra beslut, Snabbt & Ansvarsfullt, Tydligt & Modigt och Förverkliga Möjligheter. Vår strategi är att, i nära samarbete med flera aktörer i samhället, driva tillgång till innovativa behandlingar och hållbara vårdlösningar, med målet att förbättra livet för människor som påverkas av sjukdom.

För att ytterligare understryka vikten av ett etiskt och värdegrundat beteende, lanserade AbbVie 2019 våra så kallade Principer:

Förändra liv: Vi inspirerar till hopp och förändrar liv varje dag. Vi fattar beslut baserat på vår djupa omtanke om, och medkänsla för, människor, vilket ger en varaktig påverkan på våra patienter, deras familjer, våra medarbetare och samhället.

Agera med integritet: Vi strävar efter att alltid göra det som är rätt. Vår kompromisslösa integritet är central i allt vi gör och vi strävar efter att alltid hålla högsta standard inom kvalitet, efterlevnad, säkerhet och prestanda.

Driva innovation: Vi förnyar oss ständigt i allt vi gör för att möta ouppfyllda behov. Vi investerar för att upptäckta och utveckla nya läkemedel och tillvägagångssätt inom vården för en hälsosammare värld.

Gynna mångfald och inkludering: Vi behandlar alla lika, med värdighet och respekt. Våra anställda runt om i världen har olika bakgrunder och perspektiv som gör att vi alla kan uppnå vårt bästa.

Tjäna samhället: Vi är stolta över att tjäna och stötta samhället och göra vad vi kan för att skydda miljön. Vi gör en påfallande skillnad som märks både inom vården och utanför.

Under 2021 lanserade vi ett initiativ för att sätta ytterligare fokus på jämlikhet, jämställdhet, mångfald och inkludering (EED&I). Vi tror att en arbetsplats med mångfald är en blomstrande arbetsplats och med vår EED&I-strategi och -fokus, stödjer vi en hälsosam verksamhet, vår kultur och våra medarbetare. Inom ramen för det här initiativet har vi hållit flera djupintervjuer med våra anställda och genomfört en undersökning för att få en djupare förståelse för våra anställdas uppfattning. Resultaten var mycket positiva, men för att ligga i framkant när det gäller denna viktiga fråga har vi lanserat flera initiativ för att bli bättre. Några exempel är EED&I-grupper med engagerade medarbetare, språkinitiativ för att se till att alla är inkluderade, och ledarskapsworkshops för att förbättra kunskapen och medvetenheten i ämnet. Detta fokus kommer att pågå under hela 2022 och framåt.

Ett annat samhällsinitiativ är vår nya kampanj som rapporterar till FNs Agenda 2030 och de globala målen. Här har vi gjort 10 filmer med våra svenska anställda. Alla med en berättelse om hur vi bidrar till Agenda 2030 och därmed till en bättre värld.

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AbbVie AB
556887-5651

Varje år skriver vi en omfattande kulturrevisionsberättelse om vår kultur och hur vi skapar strukturer, processer och initiativ för att upprätthålla vår kultur på lång sikt. Dessutom mäter vi våra medarbetares engagemang två gånger om året, genom Great Place to Works årliga medarbetarundersökning och genom AbbVies egna medarbetarundersökning. De senaste sju åren har vi kvalat in på Great Place to Works lista över Sveriges bästa arbetsplatser och 2022 rankades vi som nummer tretton Best Place to Work in Sweden. 2022 års undersökning visade ett tillitsindex på 93 procents och 97 % svarade att de tyckte att AbbVie Sverige är en mycket bra arbetsplats. Tillitsindexet baseras på resultaten från fem olika kategorier; Trovärdighet, Respekt, Rättvisa, Stolthet och Kamratanda. Alla dessa kategorier innehåller en rad olika påståenden som medarbetarna svarar på och inom samtliga kategorier ligger vi på över 90 % positiva svar. 97 procent av AbbVies medarbetare anser att AbbVie Sverige är en mycket bra arbetsplats och 95 procent känner sig stolta över hur vi bidrar till samhället. Jämställdhetsfrågorna rör huruvida man anser att medarbetarna på AbbVie behandlas lika oavsett kön, etnicitet, ålder, sexuell läggning eller funktionsnedsättning. Här får vi 100 procent positiva svar.

När det gäller jämställdhetsfrågan arbetar AbbVie fokuserat och proaktivt med denna, och andelen kvinnor i företaget uppgår idag till 70 procent (2020: 71 procent) och andelen kvinnor i ledningsgruppen är 63 procent (2020: 47 procent). AbbVies sjukfrånvarotal är 1,91 % (2020: 1,65 procent).

Miljö

På en global nivå har AbbVie infört rutiner som säkrar att användning och hantering av farmaceutiska substanser, och andra råmaterial som utgör en del av framställningsprocessen, har så lite inverkan på miljön som möjligt. Vi arbetar med en hållbar leveranskedja som positivt bidrar till samhället och miljön genom att anta etiska, miljöinriktade och sociala principer. Våra inköps- och leverantörssupportteam arbetar på att integrera hållbara metoder och beslutskriterier i alla policyer och procedurer. All tillverkning av AbbVies produkter sker i produktionsenheter enligt gällande krav i Good Manufacturing Practice, GMP, vilka även är ISO 14001 certifierade. AbbVie är en fullvärdig och aktiv medlem i Pharmaceutical Supply Chain Initiative (PSCI), vars syfte är att främja ansvarsfull hantering av leverantörskedjan i hela branschen. Medlemmarna måste följa PSCI-principerna som omfattar fem delar: etik, arbetsrätt, hälsa, säkerhets- och miljöpåverkan för våra leverantörskedjor inom läkemedelsindustrin. AbbVie har ett hållbarhetsprogram som inkluderar ett program för socialt ansvar och en uppförandekod för leverantörer, som återfinns på AbbVies hemsida. Våra leverantörer granskas regelbundet för att säkerställa att hållbarhetsprogrammet efterlevs. Uppförandekoden för leverantörer omfattar många viktiga områden som t.ex. miljö och mänskliga rättigheter samt om de är i linje med PSCI-principerna. AbbVies globala miljöledningssystem, Environment Health and Safety, innehåller en kvalitetspolicy, generella och detaljerade miljömål samt rutiner för att säkerställa att leverantörer och producenter uppfyller miljökraven.

Som en del av vårt företags samhällsansvar har vi intensifierat vårt miljöarbete. Våra anställda får grundläggande utbildning inom miljöfrågor så att de kan bidra till ett långsiktigt förhållningssätt till hållbarhet. Vi strävar efter att ha "grön" leasing till våra kontor. Vi arbetar med återvinning av elektronik, glas, metall, plast och kartong. Elektricitet och belysning på kontoret är timer- och sensorstyrda för att minska energiförbrukningen och varje år granskar vi utsläppen från våra tjänstebilar för att minska klimatpåverkan. Förarna får också utbildning i EKO-körning - ekonomisk och miljövänlig körning. Vi förespråkar också användningen av videokonferenslösningar för att minska resandet.

AbbVie inkluderar hybrid- och elbilar i sin bilpolicy och uppmuntrar anställda att beställa dessa som firmabilar genom att erbjuda installation av laddstationer i hemmet. Det genomsnittliga CO2-utsläppet för hela fordonsparken reducerades från 56 gram 2020 till 45 gram 2021. Dessutom är 22 procent av de nya bilarna som beställdes under 2021 elbilar och 70 procent är laddhybrider.

AbbVie AB
556887-5651

Våra produkter och miljön: Vi siktar på att våra produkter ska göra minimal miljöpåverkan. Produkterna distribueras antingen till apotek eller till sjukhusapotek. Efter läkemedelsadministrering ska alla läkemedel som inte använts skickas tillbaka till apoteket eller hanteras i enlighet med sjukhusets avfallskrav för att minska miljöpåverkan.

Alla informationsbroschyrer riktade till patienter som medföljer alla medicintekniska produkter förklarar att läkemedel inte ska slängas i avlopp eller hushållsavfall och patienten uppmanas att prata med apotekspersonalen om hur avfallet ska kasseras.

AbbVie övervakar aktivt lagernivåerna för att säkra att det finns en tillräcklig mängd att kunna erbjuda patienter, samtidigt som behovet av att förstöra produkter som har gått ut minimeras.

På AbbVie vet vi att ta hand om människor och patienter innebär att ta hand om den plats vi kallar hem. Att skydda miljön är en del av vårt åtagande som vetenskapliga förvaltare. Vi förstår att det finns miljörisker förknippade med att driva en global verksamhet - därför har vi satt upp ambitiösa, långsiktiga miljömässiga hållbarhetsmål för absoluta minskningar av koldioxidutsläpp, vatten och avfallsgenerering. Vi strävar efter noll avfall att deponera på våra anläggningar, samtidigt som vi driver på ökningar inom förnybar el och fordonsparkens hållbarhet.

Genom vårt deltagande i CDP är vi transparenta med våra insatser och vår påverkan samt våra risker och möjligheter. Vårt miljöarbete är fokuserat på att minska vårt miljöavtryck, växa hållbart samt inspirera, utbilda och engagera våra anställda att förvalta hållbart inom och utanför AbbVie.

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AbbVie AB
556887-5651

Resultaträkning (kSEK)	Not	01/01/2021 31/12/2021	01/01/2020 31/12/2020
Rörelsens intäkter			
Nettoomsättning	2, 3	459 708	458 628
Kostnad för sålda varor	3, 4	-178 880	-176 538
Bruttoresultat		**280 828**	**282 090**
Försäljningskostnader		-310 119	-297 030
Administrationskostnader	4	-16 042	-15 032
Övriga rörelseintäkter	5	672 386	670 693
Övriga rörelseutgifter		-36	-56
Rörelseresultat	4, 5, 6, 7, 8	**627 017**	**640 665**
Resultat från finansiella investeringar			
Ränteintäkter och liknande resultatposter	9	104	436
Räntekostnader och liknande resultatposter	10	-228	-299
Resultat efter finansiella poster		**626 893**	**640 802**
Skatt på årets resultat	11	-130 625	-139 337
ÅRETS RESULTAT		**496 268**	**501 465**

20220711151272

Balansräkning (kSEK)	Not	31/12/2021	31/12/2020
TILLGÅNGAR			
Anläggningstillgångar			
Materiella anläggningstillgångar			
Inventarier och instrument	12	13 249	12 560
Förbättringsutgifter på annans fastighet	13	261	90
		13 510	**12 650**
Finansiella anläggningstillgångar			
Andelar i koncernföretag	14	407 457	0
Andra långfristiga värdepappersinnehav		124	200
Lån relaterat till medicinskt samarbete		935	935
		408 516	**1 135**
Summa anläggningstillgångar		**422 026**	**13 785**
Omsättningstillgångar			
Varulager			
Varulager		732	1 170
Kortfristiga fordringar			
Kundfordringar		201 436	190 481
Fordringar hos koncernföretag		1 398 796	1 111 208
Aktuella skattefordringar		11 616	0
Övriga fordringar	15	29 488	44 589
Förutbetalda kostnader och upplupna intäkter	16	2 587	3 279
		1 643 923	**1 349 557**
Summa omsättningstillgångar		**1 644 655**	**1 350 727**
SUMMA TILLGÅNGAR		**2 066 681**	**1 364 512**

AbbVie AB
556887-5651

Balansräkning (kSEK)	Not	31/12/2021	31/12/2020
EGET KAPITAL OCH SKULDER			
Eget kapital			
Bundet eget kapital			
Aktiekapital	17	50	50
Fritt eget kapital			
Balanserad vinst eller förlust		1 268 690	359 769
Årets resultat		496 268	501 465
		1 764 958	**861 234**
Summa eget kapital		**1 765 008**	**861 284**
Obeskattade reserver	18	907	907
Kortfristiga skulder			
Leverantörsskulder		103 244	124 632
Skulder till koncernföretag		58 643	24 527
Aktuella skatteskulder		0	22 968
Övriga kortfristiga skulder		14 246	17 111
Upplupna kostnader och förutbetalda intäkter	19	124 633	313 083
		300 766	**502 321**
Summa avsättningar och skulder		**301 673**	**503 228**
SUMMA EGET KAPITAL OCH SKULDER		**2 066 681**	**1 364 512**

AbbVie AB
556887-5651

Rapport över förändringar i eget kapital (kSEK)

	Aktiekapital	Balanserat resultat	Årets vinst /förlust
Ingående balans per 1 januari 2020	**50**	**673 942**	**485 827**
Disposition av föregående års resultat		485 827	-485 827
Årets resultat			501 465
Förändringar i redovisade värden på tillgångar och skulder:			
Skatteeffekt av			
Summa värdeförändringar	**0**	**485 827**	**15 638**
Transaktioner med ägare:			
Utdelning		-800 000	
Summa transaktioner med aktieägare	**0**	**-800 000**	**0**
Utgående balans per 31 december 2020	**50**	**359 769**	**501 465**

Ingående balans per 1 januari 2021	**50**	**359 769**	**501 465**
Disposition av föregående års resultat		501 465	-501 465
Årets resultat			496 268
Förändringar i redovisade värden på tillgångar och skulder:			
Summa värdeförändringar	**0**	**501 465**	**-5 197**
Transaktioner med ägare:			
Utdelningar			
Kapitaltillskott		407 456	
Summa transaktioner med aktieägare	**0**	**407 456**	**0**
Utgående balans per 31 december 2021	**50**	**1 268 690**	**496 268**

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Kassaflödesanalys (kSEK)	Not	01/01/2021 31/12/2021	01/01/2020 31/12/2020
Den löpande verksamheten			
Resultat efter finansiella poster		626 893	640 802
Justeringar för poster som inte ingår i kassaflödet			
- Avskrivningar		4 971	5 362
- Övriga ej likviditetspåverkande poster		120	22
		631 984	**646 186**
Betald inkomstskatt		-165 210	-165 651
Kassaflöde från den löpande verksamheten före förändringar av rörelsekapital		466 774	480 535
Kassaflöde från förändringar av rörelsekapital			
Minskning/ökning av varulager		438	-1 170
Minskning(+)/ökning(-) av rörelsefordringar		-282 751	447 309
Minskning(-)/ökning(+) av rörelseskulder		-178 587	-123 329
		-460 900	**322 810**
Kassaflöde från den löpande verksamheten		**5 874**	**803 345**
Investeringsverksamheten			
Förvärv av materiella anläggningstillgångar		-5 884	-3 598
Försäljning av materiella anläggningstillgångar		10	102
Kassaflöde från investeringsverksamheten		**-5 874**	**-3 496**
Kassaflöde från finansieringsverksamheten			
Utdelning		0	-800 000
Årets kassaflöde		**0**	**-151**
Likvida medel vid årets början		**0**	**151**
Likvida medel vid årets slut		**0**	**0**
Erhållen ränta		**104**	**436**
Erlagd ränta		**228**	**299**

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Noter

Not 1. Redovisnings- och värderingsprinciper

Företaget tillämpar Årsredovisningslagen (1995:1554) samt Bokförlngsnämndens BFNAR 2012:1 *Årsredovisning och koncernredovisning* ("K3").

Tillämpade principer är oförändrade jämfört med föregående år.

Intäktsredovisning

Fakturerad försäljning omfattar i huvudsak försäljning av läkemedel. Försäljningen sker via en distributör till sjukhus och apotek. Intäkterna har tagits upp till verkligt värde av som erhållits eller kommer att erhållas och redovisas i den omfattning det är sannolikt att de ekonomiska fördelarna kommer att tillgodogöras bolaget och intäkterna kan beräknas på ett tillförlitligt sätt. Det här ögonblicket bedöms ske när produkten levereras till distributören och det är också vid den tidpunkten intäkten realiseras. Intäkterna redovisas exklusive mervärdeskatt och med avdrag för försäljningsrabatter och returer.

Enligt det serviceavtal som finns mellan Abbvie AB och Abbvie Inc. gottgöres bolaget för alla kostnader relaterat till forskning- och utveckling med ett påslag. Serviceintäkten redovisas när tjänsten är utförd.

Ett gemensamt skandinaviskt ledningsteam med bas i Sverige övervakar och vägleder verksamheten i Sverige, Danmark och Norge. Dessutom delas tjänster för vissa funktioner som till exempel finans, kundtjänst etc. och utförs av AbbVie AB för Danmark och Norge. Enligt tjänsteavtalet mellan de tre organisationerna kompenseras AbbVie AB för alla administrativa kostnader med påslag. Tjänsteintäkterna redovisas när tjänsten utförts.

Företaget äger produkträttigheterna och erhåller royaltyintäkter från koncernbolaget. Royaltyintäkterna är baserade på försäljningsvolymen och redovisas i den månaden som omsättning sker.

Rapportering per segment

En rörelsegren är en grupp tillgångar och verksamheter som tillhandahåller produkter eller tjänster som är föremål för risker och möjligheter som skiljer sig från andra rörelsegrenar. Rörelsegrenar klassificeras som primära segment. Bolagets primära segment är försäljning av läkemedel.

Ett geografiskt område tillhandahåller produkter eller tjänster inom en viss ekonomisk miljö, som är föremål för risker och möjligheter som skiljer sig från segment som är verksamma inom andra ekonomiska miljöer. Geografiska marknader klassificeras som sekundära segment. AbbVie AB bedriver endast verksamhet på den svenska marknaden. Därför är nettoförsäljningen helt relaterad till ett geografiskt område.

För mer information om affärssegmenten, se not 2, Rapportering per segment.

20220711151277

Leasingavtal

Ett finansiellt leasingavtal är ett avtal enligt vilket de ekonomiska risker och fördelar som förknippasmed ägandet av en tillgång i allt väsentligt överförs från leasinggivaren till leasetagaren. Övriga leasingavtal klassificeras som operationella leasingavtal. Samtliga leasingavtal redovisas i enlighet med de regler som gäller för operationell leasing.

Leasingavgifter för operationella leasingavtal kostnadsförs linjärt över hela leasingperioden, om ingen annan systematisk metod fastställs som bättre reflekterar användarens ekonomiska förmåner under tiden.

Ersättningar till anställda

Ersättningar till anställda avser alla typer av ersättningar som företaget lämnar till de anställda. Företagets ersättningar innefattar bland annat löner, betald semester, betald frånvaro, bonus och ersättningar efter avslutad anställning (pensioner). Redovisning sker i takt med intjänandet. Ersättningar till anställda efter avslutad anställning avser avgiftsbestämda pensionsplaner. Som avgiftsbestämda planer klassificeras planer där fastställda avgifter betalas och det inte finns förpliktelser, vare sig legala eller informella, att betala något ytterligare, utöver dessa avgifter. Företaget har inga övriga långfristiga ersättningar till anställda.

Inkomstskatter

Skattekostnaden utgörs av summan av aktuell skatt och uppskjuten skatt.

Aktuell skatt

Aktuell skatt beräknas på det skattepliktiga resultatet för tidsperioden. Skattepliktigt resultat skiljer sig från det redovisade resultatet i resultaträkningen då det har justerats för ej skattepliktiga intäkter och ej avdragsgilla kostnader samt för intäkter och kostnader som är skattepliktiga eller avdragsgilla i andra perioder. Aktuell skatteskuld beräknas enligt de skattesatser som gäller per balansdagen.

Uppskjuten skatt

Uppskjuten skatt redovisas för temporära skillnader mellan redovisade värdet på tillgångar och skulder i de finansiella rapporterna och det skattemässiga värdet som används för att beräkna skattepliktigt resultat. Uppskjuten skatt redovisas i enlighet med den så kallade balansräkningsmetoden. Uppskjutna skatteskulder redovisas för i princip för alla skattepliktiga temporära skillnader, och uppskjutna skattefordringar redovisas för i princip för alla avdragsgilla temporära skillnader i den omfattning det är sannolikt att beloppen kan utnyttjas mot framtida skattepliktiga överskott. Obeskattade reserver redovisas, inklusive uppskjutna skatteskulder.

Det redovisade värdet på uppskjutna skattefordringar omprövas vid varje balansdag och reduceras till den del det inte längre är sannolikt att tillräckliga skattepliktiga resultat kommer att finnas tillgängliga för att utnyttjas, helt eller delvis, mot den uppskjutna skattefordran.

Värderingen av uppskjuten skatt baseras på hur företaget, per balansdagen, förväntar sig att återvinna det redovisade värdet för motsvarande tillgång eller reglera det redovisade värdet för motsvarande skuld. Den uppskjutna skatten beräknas baserat på dessa skattesatser och skatteregler som har varit i kraft före balansdagen.

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Aktuell och uppskjuten skatt för perioden
Aktuell och uppskjuten skatt redovisas som en kostnad eller intäkt i reslutaträkningen, med undantag av skatt på transaktioner som redovisats direkt mot eget kapital. I sådana fall skall även skatten redovisas direkt mot eget kapital.

Materiella anläggningstillgångar

Materiella tillgångar, vilket till den största delen inkluderar utrustning och instrument, redovisas till anskaffningsvärdet efter avdrag för avskrivningar enligt plan. Avskrivningar enligt plan sker linjärt och baseras på tillgångarnas anskaffningsvärde och tillgångarnas bedömda nyttjandeperiod. Den beräknade ekonomiska livslängden för inventarier är 4 till 10 år och för instrument 3 till 9 år.

Skattemässiga avskrivningar beräknas i enlighet med de lagar och regler som gäller i Sverige. Skattemässiga avskrivningar utöver avskrivningar enligt plan betraktas som överavskrivningar vilka utgör en obeskattad reserv.

Fordringar

Fordringar är redovisade till det belopp varmed de beräknas inflyta.

Fordringar och skulder i utländsk valuta

Fordringar och skulder i utländsk valuta har värderats till balansdagens kurs och ej realiserade vinster och förluster inkluderas i resultatet.

Kursvinster (förluster) från fordringar och skulder redovisas som finansiella intäkter och kostnader.

Likvida medel

Kassaflödesanalysen visar förändringar i företagets likvida medel under räkenskapsåret. Kassaflödesanalysen har upprättats enligt den indirekta metoden. Det redovisade kassaflödet omfattar endast transaktioner som medfört in- och utbetalningar. Bolagets likvida medel tillhandahålls genom en koncerngemensam cash pool.

Uppskattningar och bedömningar

Vid upprättande av denna årsredovisning har företagsledningen gjort följande väsentliga uppskattningar och bedömningar:

<u>Reserver för lämnade rabatter:</u>
Nettoomsättningen redovisas efter avdrag för rabatter, därför behöver en beräkning och uppskattning ske av de oreglerade rabatterna som föreligger på balansdagen. Rabattsatserna varierar mellan olika produkter och beräknas utifrån såväl extern som intern data. Reserver för oreglerade rabatter uppgår per 2021-12-31 till 54,5 msek (250,8).

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Koncernförhållanden

Företaget är moderföretag men med hänvisning till undantagsreglerna i årsredovisningslagen 7 kap 2 § upprättas ingen koncernredovisning. Detta med anledning av alt företaget med samtliga sina dotterbolag ornfattas av koncernredovisningen I det överordnade moderföretaget AbbVie Inc., org.nr. 32-0375147, med säte i Illinois, USA. Detta företag upprättar sin koncernredovisning enligt amerikanska redovisningsregler (US GAAP) Koncernredovisningen har reviderats och registrerats hos don amerikanska tillsynsmyndigheten Securities and Exchange Commission den 18 februari 2022. Den bifogas denna årsredovisning när den inges till Bolagsverket. Koncernredovisningon för AbbVie är upprättad och reviderad på ett med EG:s sjunde bolagsdirektiv likvärdigt sätt.

Not 2. Rapportering för segment

Upplysningar för primära segment - rörelsegrenar	2021	2020
Försäljningsintäkter läkemedel	459 708	458 628

Upplysningar för sekundära segment - geografiska områden

Bolaget är endast verksamt på den svenska marknaden varför nettoomsättningen till sin helhet är hänförlig till ett geografiskt segment.

Not 3. Inköp och försäljning mellan koncernföretag

Andel av årets totala inköp och försäljning inom hela den företagsgrupp som bolaget tillhör, mätt I kronor.

	2021	2020
Försäljning	0%	0%
Inköp	100%	100%

Not 4. Avskrivningar

Funktionsindelning av årets avskrivningar	2021	2020
Kostnader för sålda varor	3 567	3 644
Administrationskostnader	1 404	1 718
Summa	**4 971**	**5 362**

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Not 5. Övriga rörelseintäkter

	2021	2020
Royaltyintäkter från koncernföretag	605 296	609 110
Serviceintäkter forskning och utveckling	30 545	28 625
Serviceintäkter avseende administration	24 138	32 958
Inkomst från marknadsföring och försäljningstjänster inkluderat kontorsutrymme	12 407	0
Summa	**672 386**	**670 693**

Not 6. Personal

	2021	2020
Medelantalet anställda med fördelning på kvinnor och män uppgår till		
Kvinnor	78	77
Män	40	41
Totalt	**118**	**118**

	2021	2020
Löner och ersättningar uppgår till:		
Tantiem och därmed jämställd ersättning till styrelse och verkställande direktör	1 594	1 471
Övrig ersättning till styrelse och verkställande direktör	5 623	5 151
Ersättning till övriga anställda	118 663	117 617
Totala löner och ersättningar	**125 880**	**124 239**
Sociala kostnader enligt lag och avtal	40 640	32 960
Pensionskostnader styrelsen och verkställande direktören	2 307	1 156
Pensionskostnader övriga anställda	35 176	36 269
Totala sociala kostnader och pensionskostnader	**78 123**	**70 385**
Totala löner, ersättningar, sociala kostnader och pensionskostnader	**204 003**	**194 624**

Bolaget har inga utestående pensionsförpliktelser till styrelse, VD eller andra personer i företagets ledning.

AbbVie Inc. erbjuder eller tilldelar anställda inom AbbViekoncernen att delta i olika Incentive Stock Program. AbbVie AB belastas med sociala avgifter på förmånsvärdet av dessa program, kSEK 1 460 (kSEK 1 566 år 2020). För ytterligare detaljer om dessa program, se årsredovisningen för AbbVie Inc. som finns på www.abbvie.com.

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Könsfördelning i styrelse och företagsledning	2021	2020
Antal styrelseledamöter	3	3
Varav kvinnor	1	1
Antal övriga befattningshavare inkl VD	11	10
Varav kvinnor	5	5

Not 7. Revisionsarvode

Ernst & Young AB	2021	2020
Revisionsuppdrag	486	488
Skattetjänster	61	64
Summa	**547**	**552**

Med revisionsuppdrag avses revisorns ersättning för den lagstadgade revisionen. Arbetet innefattar granskning av årsredovisningen och bokföringen, styrelsens och verkställande direktörens förvaltning samt arvodet för revisionsrådgivning som lämnats i samband med revisionsuppdraget.

Not 8. Leasingavgifter

	2021	2020
Leasingavgifter, inklusive lokalhyra	10 991	11 334

Årets kostnad för operationella leasingavtal uppgår till kSEK 10 991 (kSEK 11 334 år 2020). Bolaget disponerar genom leasingavtal främst kontorslokaler & tjänstebilar. Framtida leasingavgifter avseende operationella leasingavtal med återstående löptid överstigande 1 år uppgår till:

Förfallotidpunkt:	2021	2020
Inom ett år	8 363	7 141
Senare än om ett år, men inom fem år	17 941	22 718
Totalt	**26 304**	**29 859**

Not 9. Ränteintäkter och liknande resultatposter

	2021	2020
Ränteintäkter	104	436
Varav ränteintäkter från koncernföretag	96	317

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Not 10. Räntekostnader och liknande resultatposter

	2021	2020
Räntekostnader	228	299
Varav räntekostnader från koncernföretag	282	213

Not 11. Skatter

	2021	2020
Aktuell skatt	130 965	138 833
Justering hänförlig till tidigare år	-340	16
Förändring av uppskjuten skatt avseende temporära skillnader	0	488
Summa redovisad skatt	**130 625**	**139 337**
Genomsnittlig effektiv skattesats	**20,8%**	**21,7%**

Avstämning av effektiv skattesats	**2021**	**2020**
Redovisat resultat före skatt	626 893	640 802
Skatt på redovisat resultat enligt gällande skattesats (20.6%)	129 140	137 132
Skatteeffekt av:		
Övriga ej avdragsgilla kostnader	1 825	1 701
Justering hänförlig till tidigare år	-340	16
Förändring av uppskjuten skatt	0	488
Redovisad skatt	**130 625**	**139 337**
Effektiv skattesats	**20,8%**	**21,7%**

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Not 12. Inventarier och instrument

Inventarier	2021	2020
Ingående anskaffningsvärden	21 312	19 531
Inköp	1 523	2 288
Försäljning/utrangeringar	-8 269	-507
Utgående ack. anskaffningsvärde	**14 566**	**21 312**
Ingående avskrivningar	-17 036	-16 029
Årets avskrivningar enligt plan	-1 323	-1 494
Försäljningar/utrangeringar	8 224	487
Utgående ack. avskrivningar	**-10 135**	**-17 036**
Utgående planenligt restvärde	**4 431**	**4 276**

Instrument	2021	2020
Ingående anskaffningsvärden	40 925	42 873
Inköp	4 110	1 309
Försäljningar/utrangeringar	-1 852	-3 257
Utgående ack. anskaffningsvärde	**43 183**	**40 925**
Ingående avskrivningar	-32 641	-32 152
Årets avskrivningar enligt plan	-3 567	-3 644
Försäljningar/utrangeringar	1 843	3 155
Utgående ack. avskrivningar	**-34 365**	**-32 641**
Utgående planenligt restvärde	**8 818**	**8 284**
Totalt nettobokningsvärde	**13 249**	**12 560**

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Not 13. Förbättringsutgifter på annans fastighet

	2021	2020
Ingående anskaffningsvärden	5 806	5 806
Inköp	251	0
Försäljningar/utrangeringar	0	0
Utgående ack. anskaffningsvärde	**6 057**	**5 806**
Ingående avskrivningar	-5 716	-5 492
Årets avskrivningar enligt plan	-80	-224
Försäljningar/utrangeringar	0	0
Utgående ack. avskrivningar	-5 796	-5 716
Utgående planenligt restvärde	**261**	**90**

Not 14. Andelar i koncernföretag

	2021	2020
Ingående anskaffningsvärde	0	0
Förvärv	407 457	0
Utgående ackumulerade anskaffningsvärden	**407 457**	**0**

	Org. nr.	Säte	Antal aktier	Innehav	Bokfört värde
Allergan Norden Aktiebolag	556214-4724	Stockholm	100	100%	407 457

Not 15. Övriga fordringar

	2021	2020
Skattekonto Skatteverket	29 476	44 574
Övriga fordringar	12	15
Summa	**29 488**	**44 589**

Not 16. Förutbetalda kostnader och upplupna intäkter

	2021	2020
Förutbetald försäkring	1 896	2 390
Övriga förutbetalda kostnader	691	889
Summa	**2 587**	**3 279**

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Not 17. Antal aktier

	2021 *Kvotvärde*	2020 *Kvotvärde*	2021 *Antal*	2020 *Antal*
A-aktier	1	1	50 000	50 000

Not 18. Obeskattade reserver

	2021	2020
Ackumulerad avskrivning	**907**	**907**

Not 19. Upplupna kostnader och förutbetalda intäkter

	2021	2020
Semesterlöneskuld	22 512	17 707
Sociala avgifter	14 352	15 894
Upplupen bonus och annan ersättning	20 267	25 379
Lämnade rabatter	54 471	250 784
Övriga upplupna kostnader	13 031	3 319
Summa	**124 633**	**313 083**

Not 20. Ställda säkerheter och eventualförpliktelser

Det finns inga garantier eller eventualförpliktelser i år.

Not 21. Väsentliga händelser efter balansdagens slut

Som en del av Allergan förvärvet har följande förändringar till bolagsstyrelsen applicerats: Robert Michael sade upp sig och Arnaud Coint Bavarot och Emilie Demare utsågs till ledamöter.

Den 1 april 2022 genomfördes verksamhetsöverlåtelsen mellan AbbVie AB och Allergan Norden AB. Allergan Norden Aktiebolag överlät dess verksamhet inklusive tillgångar, skulder och anställda till AbbVie AB. Den 6 april 2022 registrerades fusionen mellan AbbVie AB och Allergan Norden Aktiebolag hos Bolagsverket.

Kriget i Ukraina har hittills inte någon direkt och signifikant inverkan på AbbVies finansiella tillstånd och resultat. Däremot är det inte möjligt att förutspå framtidens utveckling av händelser och inverkan på tillgång och andra funktioner. AbbVies ledning följer utvecklingen av situationen noggrant och kommer att agera på eventuell framtida utvecklings inverkan på AbbVies verksamhet i Sverige eller tillgång till svenska patienter.

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AbbVie AB
556887-5651

Not 22. Disposition av vinst eller förlust

Förslag till resultatdisposition
Styrelsen föreslår att till förfogande stående medel

	2021
Balanserat resultat	1 268 690
Årets resultat	496 268
	1 764 958
disponeras så att	
att i ny räkning överföres	1 764 958

Stockholm den 27 juni 2022

Linn Mandahl
Styrelseordförande
Verkställande Direktör

Jens Lange
Styrelseledamot

Emilie Demare
Styrelseledamot

Arnaud Colnt Bavarot
Styrelseledamot

Vår revisionsberättelse har avgivits den 28 juni 2022
Ernst&Young AB

Johan Sylvén
Auktoriserad revisor

20220711151287

AbbVie AB
556887-5651

Not 22. Disposition av vinst eller förlust

Förslag till resultatdisposition
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Stockholm den 27 juni 2022

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Jens Lange
Styrelseledamot

Emilie Demare
Styrelseledamot

Arnaud Colnt Bavarot
Styrelseledamot

Vår revisionsberättelse har avgivits den 2022
Ernst&Young AB

Johan Sylvén
Auktoriserad revisor

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Building a better working world

Fotokopians överensstämmelse med originalet intygas:
Saia Enelius
Saia Enelius
08-220900

Revisionsberättelse

Till bolagsstämman i AbbVie AB, org.nr 556887-5651

Rapport om årsredovisningen

Uttalanden

Vi har utfört en revision av årsredovisningen för AbbVie AB för år 2021 med undantag för hållbarhetsrapporten på sidorna 8-13.

Enligt vår uppfattning har årsredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av AbbVie ABs finansiella ställning per den 31 december 2021 och av dess finansiella resultat och kassaflöde för året enligt årsredovisningslagen. Våra uttalanden omfattar inte hållbarhetsrapporten på sidorna 8-13.

Förvaltningsberättelsen är förenlig med årsredovisningens övriga delar.

Vi tillstyrker därför att bolagsstämman fastställer resultaträkningen och balansräkningen.

Grund för uttalanden

Vi har utfört revisionen enligt International Standards on Auditing (ISA) och god revisionssed i Sverige. Vårt ansvar enligt dessa standarder beskrivs närmare i avsnittet *Revisorns ansvar*. Vi är oberoende i förhållande till AbbVie AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Annan information än årsredovisningen

Detta dokument innehåller även annan information än årsredovisningen och återfinns på sidorna 8-13. Det är styrelsen och verkställande direktören som har ansvaret för denna andra information.

Vårt uttalande avseende årsredovisningen omfattar inte denna information och vi gör inget uttalande med bestyrkande avseende denna andra information.

I samband med vår revision av årsredovisningen är det vårt ansvar att läsa den information som identifieras ovan och överväga om informationen i väsentlig utsträckning är oförenlig med årsredovisningen. Vid denna genomgång beaktar vi även den kunskap vi i övrigt inhämtat under revisionen samt bedömer om informationen i övrigt verkar innehålla väsentliga felaktigheter.

Om vi, baserat på det arbete som har utförts avseende denna information, drar slutsatsen att den andra informationen innehåller en väsentlig felaktighet, är vi skyldiga att rapportera detta. Vi har inget att rapportera i det avseendet.

Styrelsens och verkställande direktörens ansvar

Det är styrelsen och verkställande direktören som har ansvaret för att årsredovisningen upprättas och att den ger en rättvisande bild enligt årsredovisningslagen. Styrelsen och verkställande direktören ansvarar även för den interna kontroll som de bedömer är nödvändig för att upprätta en årsredovisning som inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag.

Vid upprättandet av årsredovisningen ansvarar styrelsen och verkställande direktören för bedömningen av bolagets förmåga att fortsätta verksamheten. De upplyser, när så är tillämpligt, om förhållanden som kan påverka förmågan att fortsätta verksamheten och att använda antagandet om fortsatt drift. Antagandet om fortsatt drift tillämpas dock inte om styrelsen och verkställande direktören avser att likvidera bolaget, upphöra med verksamheten eller inte har något realistiskt alternativ till att göra något av detta.

Revisorns ansvar

Våra mål är att uppnå en rimlig grad av säkerhet om huruvida årsredovisningen som helhet inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag, och att lämna en revisionsberättelse som innehåller våra uttalanden. Rimlig säkerhet är en hög grad av säkerhet, men är ingen garanti för att en revision som utförs enligt ISA och god revisionssed i Sverige alltid kommer att upptäcka en väsentlig felaktighet om en sådan finns. Felaktigheter kan uppstå på grund av oegentligheter eller misstag och anses vara väsentliga om de enskilt eller tillsammans rimligen kan förväntas påverka de ekonomiska beslut som användare fattar med grund i årsredovisningen.

Som del av en revision enligt ISA använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Dessutom:

- identifierar och bedömer vi riskerna för väsentliga felaktigheter i årsredovisningen, vare sig dessa beror på oegentligheter eller misstag, utformar och utför granskningsåtgärder bland annat utifrån dessa risker och inhämtar revisionsbevis som är tillräckliga och ändamålsenliga för att utgöra en grund för våra uttalanden. Risken för att inte upptäcka en väsentlig felaktighet till följd av oegentligheter är högre än för en väsentlig felaktighet som beror på misstag, eftersom oegentligheter kan innefatta agerande i maskopi, förfalskning, avsiktliga utelämnanden, felaktig information eller åsidosättande av intern kontroll.
- skaffar vi oss en förståelse av den del av bolagets interna kontroll som har betydelse för vår revision för att utforma granskningsåtgärder som är lämpliga med hänsyn till omständigheterna, men inte för att uttala oss om effektiviteten i den interna kontrollen.
- utvärderar vi lämpligheten i de redovisningsprinciper som används och rimligheten i styrelsens och verkställande direktörens uppskattningar i redovisningen och tillhörande upplysningar.
- drar vi en slutsats om lämpligheten i att styrelsen och verkställande direktören använder antagandet om fortsatt drift vid upprättandet av årsredovisningen. Vi drar också en slutsats, med grund i de inhämtade revisionsbevisen, om huruvida det finns någon väsentlig osäkerhetsfaktor som avser sådana händelser eller förhållanden som kan leda till betydande tvivel om bolagets förmåga att fortsätta verksamheten. Om vi drar slutsatsen att det finns en väsentlig osäkerhetsfaktor, måste vi i revisionsberättelsen fästa uppmärksamheten på upplysningarna i årsredovisningen om den väsentliga osäkerhetsfaktorn eller, om sådana upplysningar är otillräckliga, modifiera uttalandet om årsredovisningen. Våra slutsatser baseras på de revisionsbevis som inhämtas fram till datumet för revisionsberättelsen. Dock kan framtida händelser eller förhållanden göra att ett bolag inte längre kan fortsätta verksamheten.
- utvärderar vi den övergripande presentationen, strukturen och innehållet i årsredovisningen, däribland upplysningarna, och om årsredovisningen återger de underliggande transaktionerna och händelserna på ett sätt som ger en rättvisande bild.

Vi måste informera styrelsen om bland annat revisionens planerade omfattning och inriktning samt tidpunkten för den. Vi måste också informera om betydelsefulla iakttagelser under revisionen, däribland de eventuella betydande brister i den interna kontrollen som vi identifierat.

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Building a better working world

Rapport om andra krav enligt lagar och andra författningar

Uttalanden

Utöver vår revision av årsredovisningen har vi även utfört en revision av styrelsens och verkställande direktörens förvaltning av AbbVie AB för år 2021 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.

Vi tillstyrker att bolagsstämman disponerar vinsten enligt förslaget i förvaltningsberättelsen och beviljar styrelsens ledamöter och verkställande direktören ansvarsfrihet för räkenskapsåret.

Grund för uttalanden

Vi har utfört revisionen enligt god revisionssed i Sverige. Vårt ansvar enligt denna beskrivs närmare i avsnittet *Revisorns ansvar*. Vi är oberoende i förhållande till AbbVie AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens och verkställande direktörens ansvar

Det är styrelsen som har ansvaret för förslaget till dispositioner beträffande bolagets vinst eller förlust. Vid förslag till utdelning innefattar detta bland annat en bedömning av om utdelningen är försvarlig med hänsyn till de krav som bolagets verksamhetsart, omfattning och risker ställer på storleken av bolagets egna kapital, konsolideringsbehov, likviditet och ställning i övrigt.

Styrelsen ansvarar för bolagets organisation och förvaltningen av bolagets angelägenheter. Detta innefattar bland annat att fortlöpande bedöma bolagets ekonomiska situation och att tillse att bolagets organisation är utformad så att bokföringen, medelsförvaltningen och bolagets ekonomiska angelägenheter i övrigt kontrolleras på ett betryggande sätt. Verkställande direktören ska sköta den löpande förvaltningen enligt styrelsens riktlinjer och anvisningar och bland annat vidta de åtgärder som är nödvändiga för att bolagets bokföring ska fullgöras i överensstämmelse med lag och för att medelsförvaltningen ska skötas på ett betryggande sätt.

Revisorns ansvar

Vårt mål beträffande revisionen av förvaltningen, och därmed vårt uttalande om ansvarsfrihet, är att inhämta revisionsbevis för att med en rimlig grad av säkerhet kunna bedöma om någon styrelseledamot eller verkställande direktören i något väsentligt avseende:

- företagit någon åtgärd eller gjort sig skyldig till någon försummelse som kan föranleda ersättningsskyldighet mot bolaget, eller
- på något annat sätt handlat i strid med aktiebolagslagen, årsredovisningslagen eller bolagsordningen.

Vårt mål beträffande revisionen av förslaget till dispositioner av bolagets vinst eller förlust, och därmed vårt uttalande om detta, är att med rimlig grad av säkerhet bedöma om förslaget är förenligt med aktiebolagslagen.

Rimlig säkerhet är en hög grad av säkerhet, men ingen garanti för att en revision som utförs enligt god revisionssed i Sverige alltid kommer att upptäcka åtgärder eller försummelser som kan föranleda ersättningsskyldighet mot bolaget, eller att ett förslag till dispositioner av bolagets vinst eller förlust inte är förenligt med aktiebolagslagen.

Som en del av en revision enligt god revisionssed i Sverige använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Granskningen av förvaltningen och förslaget till dispositioner av bolagets vinst eller förlust grundar sig främst på revisionen av räkenskaperna. Vilka tillkommande granskningsåtgärder som utförs baseras på vår professionella bedömning med utgångspunkt i risk och väsentlighet. Det innebär att vi fokuserar granskningen på sådana åtgärder, områden och förhållanden som är väsentliga för verksamheten och där avsteg och överträdelser skulle ha särskild betydelse för bolagets situation. Vi går igenom och prövar fattade beslut, beslutsunderlag, vidtagna åtgärder och andra förhållanden som är relevanta för vårt uttalande om ansvarsfrihet. Som underlag för vårt uttalande om styrelsens förslag till dispositioner beträffande bolagets vinst eller förlust har vi granskat om förslaget är förenligt med aktiebolagslagen.

Revisorns yttrande avseende den lagstadgade hållbarhetsrapporten

Det är styrelsen som har ansvaret för hållbarhetsrapporten på sidorna 8-13 och för att den är upprättad i enlighet med årsredovisningslagen.

Vår granskning har skett enligt FARs rekommendation RevR 12 *Revisorns yttrande om den lagstadgade hållbarhetsrapporten*. Detta innebär att vår granskning av hållbarhetsrapporten har en annan inriktning och en väsentligt mindre omfattning jämfört med den inriktning och omfattning som en revision enligt International Standards on Auditing och god revisionssed i Sverige har. Vi anser att denna granskning ger oss tillräcklig grund för vårt uttalande.

En hållbarhetsrapport har upprättats.

Stockholm den 28 juni 2022
Ernst & Young AB

Johan Sylvén
Auktoriserad revisor

A member firm of Ernst & Young Global Limited

Celebrating Our Employees

2021 Annual Report on Form 10-K

2022 Notice of Annual Meeting & Proxy Statement

abbvie

Stockholder Information

AbbVie Inc. Corporate Headquarters
1 North Waukegan Road
North Chicago, IL 60064
847.932.7900
abbvie.com

Investor Relations
Dept. ZZ05, AP34

Corporate Secretary
Dept. V364, AP34

Stock Listing
The ticker for AbbVie's common stock is ABBV. The principal market for the AbbVie common stock is the NYSE. AbbVie common stock is also listed on the Chicago Stock Exchange.

Annual Meeting
The Annual Meeting will be held on Friday, May 6, 2022, at 9 a.m. CT. Please see the proxy statement for information about how to attend the virtual Annual Meeting

Dividend Reinvestment Plan
The AbbVie Dividend Reinvestment Plan offers registered stockholders an opportunity to purchase additional shares, commission-free, through automatic dividend reinvestment and/or optional cash investments. Interested persons may contact the transfer agent.

Transfer Agent
EQ Shareholder Services
P.O. Box 64874
St. Paul, MN 55164-0874
www.shareowneronline.com
877.881.5970
651.450.4064

About AbbVie
AbbVie's mission is to discover and deliver innovative medicines that solve serious health issues today and address the medical challenges of tomorrow. We strive to have a remarkable impact on people's lives across several key therapeutic areas: immunology, oncology, neuroscience, eye care, virology, women's health and gastroenterology, in addition to products and services across its Allergan Aesthetics portfolio. For more information about AbbVie, please visit us at www.abbvie.com.

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Dear AbbVie Shareholder,

Our company delivered another outstanding year of performance in 2021 and demonstrated our continuing commitment to our many stakeholders, including the patients that we serve, the communities that we impact and our shareholders. The resiliency and dedication of our 50,000 employees throughout the world allowed us to achieve AbbVie's record revenue and earnings per share (EPS) as well as a total shareholder return of more than 30 percent. We further invested in science to support our pipeline of promising new therapies, and we gave back to our communities through both our philanthropic efforts and through our patient assistance programs, in which we provided free medicines to over 170,000 patients who were experiencing financial need. I am tremendously proud of the results we achieved, and I want to thank all of the AbbVie employees who made these results possible.

Our financial performance was strong. We delivered full year adjusted EPS of $12.70, which represents growth of approximately 20 percent over the prior year, and net revenues of more than $56 billion, an increase of nearly 23 percent over the prior year. Our adjusted investment in research and development was more than $6.5 billion, which represents a nearly 12 percent increase over 2020. We have a proven track record of developing new medicines, with 21 major product or indication approvals since the inception of our company. We anticipate the approval of over a dozen new products or indications in our key therapeutic franchises over the next couple years. Our continuous investment in leading-edge science will fuel our growth in the next decade and will benefit patients with new therapies to treat difficult disease conditions.

Additionally, we delivered on our promise to serve the communities where we live and work. In 2021, we supported COVID-19 vaccine clinics in underserved areas to help vaccinate more than 18,000 of the most vulnerable patient populations and donated hundreds of hours of employee time volunteering to support local mass vaccination sites. That is just one example of the dedication and commitment of our AbbVie employees. We also continued to deliver on our pledge to advance health and educational opportunities for underserved communities through the implementation of our $50 million commitment to racial equity.

I am proud of the company that we have built and the results that we have delivered in 2021. We are well positioned to continue with our mission to advance science and make a remarkable impact on people's lives. Thank you for your support in 2021 and I look forward to our achievements in 2022.

Sincerely,

Richard A. Gonzalez
Chairman and Chief Executive Officer

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D. C. 20549

FORM 10-K

(MARK ONE)

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

For the fiscal year ended December 31, 2021

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

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
(847) 932-7900

(Address, including zip code, and telephone number of principal executive offices)

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

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act.
Yes ☐ No ☒

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 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, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.
Large Accelerated Filer ☒ 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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

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

The aggregate market value of the 1,751,117,802 shares of voting stock held by non-affiliates of the registrant, computed by reference to the closing price as reported on the New York Stock Exchange, as of the last business day of AbbVie Inc.'s most recently completed second fiscal quarter (June 30, 2021), was $197,245,909,217. AbbVie has no non-voting common equity.

Number of common shares outstanding as of January 31, 2022: 1,768,753,829

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the 2022 AbbVie Inc. Proxy Statement are incorporated by reference into Part III. The Definitive Proxy Statement will be filed on or about March 21, 2022.

ABBVIE INC.
FORM 10-K
FOR THE YEAR ENDED DECEMBER 31, 2021
TABLE OF CONTENTS

		Page No.
PART I		
Item 1.	BUSINESS	1
Item 1A.	RISK FACTORS	18
Item 1B.	UNRESOLVED STAFF COMMENTS	30
Item 2.	PROPERTIES	30
Item 3.	LEGAL PROCEEDINGS	31
Item 4.	MINE SAFETY DISCLOSURES	31
	INFORMATION ABOUT OUR EXECUTIVE OFFICERS	32
PART II		
Item 5.	MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES	34
Item 6.	[RESERVED]	35
Item 7.	MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	36
Item 7A.	QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK	52
Item 8.	FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA	53
Item 9.	CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE	107
Item 9A.	CONTROLS AND PROCEDURES	107
Item 9B.	OTHER INFORMATION	110
PART III		
Item 10.	DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE	111
Item 11.	EXECUTIVE COMPENSATION	111
Item 12.	SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS	112
Item 13.	CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE	112
Item 14.	PRINCIPAL ACCOUNTING FEES AND SERVICES	112
PART IV		
Item 15.	EXHIBITS, FINANCIAL STATEMENT SCHEDULES	113
Item 16.	FORM 10-K SUMMARY	118
	SIGNATURES	119

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PART I

ITEM 1. BUSINESS

Overview

AbbVie[(1)] is a global, diversified research-based biopharmaceutical company positioned for success with a comprehensive product portfolio that has leadership positions across immunology, hematologic oncology, neuroscience, aesthetics 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 was incorporated in Delaware on April 10, 2012. On January 1, 2013, AbbVie became an independent, publicly-traded company as a result of the distribution by Abbott Laboratories (Abbott) of 100% of the outstanding common stock of AbbVie to Abbott's shareholders.

Impact of the Coronavirus Disease 2019 (COVID-19)

The novel coronavirus (COVID-19) pandemic continues to spread throughout the United States and around the world. As COVID-19 continues to have an impact worldwide, AbbVie is focused on the health and safety of its employees, health care professionals and patients and communities. In the continued operation of its business, AbbVie has followed health and safety guidance from relevant health authorities, managed manufacturing and supply chain resources and monitored closely its clinical trial sites. See Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations—Impact of the Coronavirus Disease 2019 (COVID-19)."

Segments

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, development, 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. See Note 16, "Segment and Geographic Area Information" to the Consolidated Financial Statements included under Item 8, "Financial Statements and Supplementary Data" and the sales information related to AbbVie's key products and geographies included under Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Products

AbbVie's portfolio of products includes a broad line of therapies that address some of the world's most complex and serious diseases.

Immunology products. AbbVie maintains an extensive immunology portfolio across rheumatology, dermatology and gastroenterology. AbbVie's immunology products address unmet needs for patients with autoimmune diseases. These products are:

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(1) As used throughout the text of this report on Form 10-K, the terms "AbbVie" or "the company" refer to AbbVie Inc., a Delaware corporation, or AbbVie Inc. and its consolidated subsidiaries, as the context requires.

Humira. Humira (adalimumab) is a biologic therapy administered as a subcutaneous injection. It is approved to treat the following autoimmune diseases in the United States, Canada and Mexico (collectively, North America) and in the European Union:

Condition	Principal Markets
Rheumatoid arthritis (moderate to severe)	North America, European Union
Psoriatic arthritis	North America, European Union
Ankylosing spondylitis	North America, European Union
Adult Crohn's disease (moderate to severe)	North America, European Union
Plaque psoriasis (moderate to severe chronic)	North America, European Union
Juvenile idiopathic arthritis (moderate to severe polyarticular)	North America, European Union
Ulcerative colitis (moderate to severe)	North America, European Union
Axial spondyloarthropathy	European Union
Pediatric Crohn's disease (moderate to severe)	North America, European Union
Hidradenitis suppurativa (moderate to severe)	North America, European Union
Pediatric enthesitis-related arthritis	European Union
Non-infectious intermediate, posterior and panuveitis	North America, European Union
Pediatric ulcerative colitis (moderate to severe)	U.S., Canada, European Union
Pediatric uveitis	North America, European Union

Humira is also approved in Japan for the treatment of intestinal Behçet's disease and pyoderma gangrenosum.

Humira is sold in numerous other markets worldwide, including Japan, China, Brazil and Australia, and accounted for approximately 37% of AbbVie's total net revenues in 2021.

Skyrizi. Skyrizi (risankizumab) is an interleukin-23 (IL-23) inhibitor that selectively blocks IL-23 by binding to its p19 subunit. It is a biologic therapy administered as a quarterly subcutaneous injection following two induction doses. Skyrizi is approved in the United States, Canada, Mexico and the European Union and is indicated for the treatment of moderate to severe plaque psoriasis in adults who are candidates for systemic therapy or phototherapy. In the United States and the European Union, Skyrizi is additionally approved for the treatment of active psoriatic arthritis in adult patients who have an inadequate response or intolerance to disease-modifying antirheumatic drugs (DMARDs). In Japan, Skyrizi is approved for the treatment of plaque psoriasis, generalized pustular psoriasis, erythrodermic psoriasis and psoriatic arthritis in adult patients who have an inadequate response to conventional therapies.

Rinvoq. Rinvoq (upadacitinib) is an oral, once-daily selective and reversible JAK inhibitor that is approved to treat the following inflammatory diseases in North America, Japan and the European Union:

Condition	Principal Markets
Rheumatoid arthritis (moderate to severe)	North America, European Union, Japan
Psoriatic arthritis	U.S., Canada, European Union, Japan
Ankylosing spondylitis	European Union
Atopic dermatitis (moderate to severe)	U.S., Canada, European Union, Japan

In the United States, Rinvoq is indicated for both the treatment of moderate to severe active rheumatoid arthritis, and for active psoriatic arthritis, in adult patients who have an inadequate response or intolerance to one or more TNF blockers. It is also indicated for the treatment of moderate to severe atopic dermatitis in adults and children 12 years of age and older whose disease is not adequately controlled with other systemic drug products, including biologics, or when use of those therapies are inadvisable.

Oncology products. AbbVie's oncology products target some of the most complex and difficult-to-treat cancers. These products are:

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Imbruvica. Imbruvica (ibrutinib) is an oral, once-daily therapy that inhibits a protein called Bruton's tyrosine kinase. Imbruvica was one of the first medicines to receive a United States Food and Drug Administration (FDA) approval after being granted a Breakthrough Therapy Designation and is one of the few therapies to receive four separate designations. Imbruvica currently is approved for the treatment of adult patients with blood cancers such as chronic lymphocytic leukemia (CLL), as well as certain forms of non-Hodgkin lymphoma.

Venclexta/Venclyxto. Venclexta (venetoclax) is a B-cell lymphoma 2 (BCL-2) inhibitor used to treat hematological malignancies. Venclexta is approved by the FDA for adults with CLL or SLL. In addition, Venclexta is approved in combination with azacitidine, or decitabine, or low-dose cytarabine to treat adults with newly-diagnosed acute myeloid leukemia who are 75 years of age or older or have other medical conditions that prevent the use of standard chemotherapy.

Aesthetics products. AbbVie's Aesthetics portfolio consists of facial injectables, plastics and regenerative medicine, body contouring and skincare products, which hold market-leading positions in the U.S. and in key markets around the world. These products are:

Botox Cosmetic. Botox Cosmetic is an acetylcholine release inhibitor and a neuromuscular blocking agent indicated for treatment in three areas: temporary improvement in the appearance of moderate to severe glabellar lines (frown lines between the eyebrows), moderate to severe crow's feet and moderate to severe forehead lines in adults. Having received its initial FDA approval in 2002, Botox Cosmetic is now approved for use in all major markets around the world and has become one of the world's most recognized and iconic brands.

The Juvederm Collection of Fillers. The Juvederm Collection of Fillers is a portfolio of hyaluronic acid-based dermal fillers with a variety of approved indications in the U.S. and in other major markets around the world to augment or treat volume loss in the cheeks, chin, lips and lower face.

Other aesthetics. Other aesthetics products include, but are not limited to, Coolsculpting body contouring technology, Alloderm regenerative dermal tissue, Natrelle breast implants, the SkinMedica skincare line and DiamondGlow dermabrasion technology.

Neuroscience products. AbbVie's neuroscience products address some of the most difficult-to-treat neurologic diseases. These products are:

Botox Therapeutic. Botox Therapeutic (onabotulinumtoxinA injection) is a neuromuscular blocking agent that is injected into muscle tissue in treatment for the following indications in the United States:

- Prophylaxis of headaches in adult patients with chronic migraine (≥ 15 days per month with headache lasting 4 hours a day or longer).
- Overactive bladder with symptoms of urge urinary incontinence, urgency and frequency, in adults who have an inadequate response to or are intolerant of an anticholinergic medication.
- Urinary incontinence due to detrusor overactivity associated with a neurologic condition (e.g., spinal cord injury, multiple sclerosis) in adults who have an inadequate response to or are intolerant of an anticholinergic medication.
- Spasticity in patients 2 years of age and older.
- Cervical dystonia in adults to reduce the severity of abnormal head position and neck pain associated with cervical dystonia.
- Strabismus and blepharospasm associated with dystonia, including benign essential blepharospasm or VII nerve disorders in patients 12 years of age and older.
- Severe primary axillary hyperhidrosis that is inadequately managed with topical agents. Licenses around the world vary.
- Focal spasticity associated with dynamic equinus foot deformity due to spasticity in ambulant pediatric cerebral palsy patients 2 years of age or older.
- Focal spasticity of the wrist and hand in adult post stroke patients.

- Focal spasticity of the ankle and foot in adult post stroke patients.

Vraylar. Vraylar (cariprazine) is a dopamine D3-preferring D3/D2 receptor partial agonist and a 5-HT1A receptor partial agonist. Its D3 binding profile may be linked to observed improvements in the negative symptoms of schizophrenia and to antidepressant effects in bipolar I disorder (bipolar depression). Vraylar is indicated for acute and maintenance treatment of schizophrenia in adults, acute treatment of manic or mixed episodes associated with bipolar disorder in adults and acute treatment of depressive episodes associated with bipolar I disorder in adults.

Duopa and Duodopa (carbidopa and levodopa). AbbVie's levodopa-carbidopa intestinal gel for the treatment of advanced Parkinson's disease is marketed as Duopa in the United States and as Duodopa outside of the United States.

Ubrelvy. Ubrelvy (ubrogepant) is indicated for the acute treatment of migraine with or without aura in adults and is only commercialized in the United States.

Other neuroscience. Other neuroscience products include Qulipta (atogepant), which is indicated for preventive treatment of episodic migraine in adults.

Eye care products. AbbVie's eye care products address unmet needs and new approaches to help preserve and protect patients' vision. These products are:

Lumigan/Ganfort. Lumigan (bimatoprost ophthalmic solution) 0.01% is a once daily, topical prostaglandin analog indicated for the reduction of elevated intraocular pressure (IOP) in patients with open angle glaucoma (OAG) or ocular hypertension (OHT). Ganfort is a once daily topical fixed combination of bimatoprost 0.03% and timolol 0.5% for the reduction of IOP in adult patients with OAG or OHT. Lumigan is sold in the United States and numerous markets around the world, while Ganfort is approved in the European Union and some markets in South America, the Middle East and Asia.

Alphagan/Combigan. Alphagan (brimonidine tartrate ophthalmic solution) is an alpha-adrenergic receptor agonist indicated for the reduction of elevated IOP in patients with open-angle glaucoma or ocular hypertension. Combigan (brimonidine tartrate/timolol maleate ophthalmic solution) is approved for reducing elevated IOP in patients with glaucoma who require additional or adjunctive IOP-lowering therapy. Both Alphagan and Combigan are available for sale in the United States and numerous markets around the world.

Restasis. Restasis is a calcineurin inhibitor immunosuppressant indicated to increase tear production in patients whose tear production is presumed to be suppressed due to ocular inflammation associated with keratoconjunctivitis sicca. Restasis is approved in the United States and a number of other markets in South America, the Middle East and Asia.

Other eye care. Other eye care products include Xen, Durysta, Ozurdex, Refresh/Optive and Vuity.

Women's health products. AbbVie's women's health products are:

Lo Loestrin. Lo Loestrin Fe is an oral contraceptive. It is indicated for prevention of pregnancy with the lowest dose of estrogen with only 10mcg and is dispensed in a unique 24/2/2 regimen with a two-day hormone-free interval. It is marketed in the U.S. as Lo Loestrin Fe (norethindrone acetate and ethinyl estradiol tablets, ethinyl estradiol tablets and ferrous fumarate tablets) and in select markets outside the U.S. as Lolo.

Orilissa/Oriahnn. Orilissa (elagolix) is the first and only orally-administered, nonpeptide small molecule gonadotropin-releasing hormone (GnRH) antagonist specifically developed for women with moderate to severe endometriosis pain. It represents the first FDA-approved oral treatment for the management of moderate to severe pain associated with endometriosis in over a decade. Orilissa inhibits endogenous GnRH signaling by binding competitively to GnRH receptors in the pituitary gland. Administration results in dose-dependent suppression of luteinizing hormone and follicle-stimulating hormone, leading to decreased blood concentrations of ovarian sex hormones, estradiol and progesterone. Outside the United States, Orilissa is also launched in Canada. Oriahnn (elagolix,

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estradiol and norethindrone acetate capsules; elagolix capsules) is a combination prescription medicine used to control heavy menstrual bleeding related to uterine fibroids in women before menopause.

Other women's health. Other women's health includes Liletta, a sterile, levonorgestrel-releasing intrauterine system indicated for prevention of pregnancy for up to six years.

Other key products. AbbVie's other key products include, among other things, treatments for patients with hepatitis C virus (HCV), metabolic and hormone products that target a number of conditions, including exocrine pancreatic insufficiency and hypothyroidism, as well as endocrinology products for the palliative treatment of advanced prostate cancer, treatment of endometriosis and central precocious puberty and for the preoperative treatment of patients with anemia caused by uterine fibroids. These products are:

Mavyret/Maviret. Mavyret (glecaprevir/pibrentasvir) is approved in the United States and European Union (Maviret) for the treatment of adult and pediatric patients (12 years and older or weighing at least 45 kilograms) with chronic HCV genotype 1-6 infection without cirrhosis and with compensated cirrhosis (Child-Pugh A). It is also indicated for the treatment of adult and pediatric patients (12 years and older or weighing at least 45 kilograms) with HCV genotype 1 infection, who previously have been treated with a regimen containing an HCV NS5A inhibitor or an NS3/4A protease inhibitor, but not both. It is an 8-week, pan-genotypic treatment for patients without cirrhosis and following the EXPEDITION-8 study, also in patients with compensated cirrhosis who are new to treatment.

Creon. Creon (pancrelipase) is a pancreatic enzyme therapy for exocrine pancreatic insufficiency, a condition that occurs in patients with cystic fibrosis, chronic pancreatitis and several other conditions.

Lupron. Lupron (leuprolide acetate), which is also marketed as Lucrin and Lupron Depot, is a product for the palliative treatment of advanced prostate cancer, treatment of endometriosis and central precocious puberty and for the preoperative treatment of patients with anemia caused by uterine fibroids. Lupron is approved for daily subcutaneous injection and one-month, three-month, four-month and six-month intramuscular injection.

Linzess/Constella. Linzess (linaclotide) is a once-daily guanylate cyclase-C agonist used in adults to treat irritable bowel syndrome with constipation (IBS-C) and chronic idiopathic constipation (CIC). The product is marketed as Linzess in the United States and as Constella outside of the United States.

Synthroid. Synthroid (levothyroxine sodium tablets, USP) is used in the treatment of hypothyroidism.

AbbVie has the rights to sell Creon and Synthroid only in the United States.

Marketing, Sales and Distribution Capabilities

AbbVie utilizes a combination of dedicated commercial resources, regional commercial resources and distributorships to market, sell and distribute its products worldwide. AbbVie directs its primary marketing efforts toward securing the prescription, or recommendation, of its brand of products by physicians, key opinion leaders and other health care providers. Managed care providers (for example, health maintenance organizations and pharmacy benefit managers), hospitals and state and federal government agencies (for example, the United States Department of Veterans Affairs and the United States Department of Defense) are also important customers. AbbVie also markets directly to consumers themselves, although in the United States many of the company's products must be sold pursuant to a prescription. Outside of the United States, AbbVie focuses its promotional and market access efforts on key opinion leaders, payers, physicians and health systems. AbbVie also provides patient support programs closely related to its products. Throughout the COVID-19 pandemic AbbVie has maintained its promotional activities with key stakeholders by leveraging digital engagement where permitted and in compliance with the locally applicable government guidance.

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. Although AbbVie's

business does not have significant seasonality, AbbVie's product revenues may be affected by end customer and retail buying patterns, fluctuations in wholesaler inventory levels and other factors.

In the United States, AbbVie distributes pharmaceutical products principally through independent wholesale distributors, with some sales directly to retailers, pharmacies, patients or other customers. In 2021, three wholesale distributors (McKesson Corporation, Cardinal Health, Inc. and AmerisourceBergen Corporation) accounted for substantially all of AbbVie's pharmaceutical product sales in the United States. No individual wholesaler accounted for greater than 37% of AbbVie's 2021 gross revenues in the United States. 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 no single customer that, if the customer were lost, would have a material adverse effect on the company's business. No material portion of AbbVie's business is subject to renegotiation of profits or termination of contracts at the election of the government. Orders are generally filled on a current basis and order backlog is not material to AbbVie's business.

Competition

The markets for AbbVie's products are highly competitive. AbbVie competes with other research-based pharmaceuticals and biotechnology companies that discover, manufacture, market and sell proprietary pharmaceutical products, therapies and biologics. For example, Humira competes with anti-TNF products, JAK inhibitors and other competitive products intended to treat a number of disease states and Mavyret/Maviret competes with other available HCV treatment options. In addition, in the past few years, a number of other companies have started to develop, have successfully developed and/or are currently marketing products that are being positioned as competitors to Botox. The search for technological innovations in pharmaceutical products is a significant aspect of competition. The introduction of new products by competitors and changes in medical practices and procedures can result in product obsolescence. Price is also a competitive factor. In addition, the substitution of generic pharmaceutical products for branded conventional (small-molecule) pharmaceutical products creates competitive pressures on AbbVie's products that do not have patent protection. New products or treatments brought to market by AbbVie's competitors could cause revenues for AbbVie's products to decrease due to price reductions and sales volume decreases.

Biosimilars. Competition for AbbVie's biologic products is affected by the approval of follow-on biologics, also known as "biosimilars." Biologics have added major therapeutic options for the treatment of many diseases, including some for which therapies were unavailable or inadequate. The cost of developing and producing biologic therapies is typically dramatically higher than for small molecule medications, and many biologic medications are used for ongoing treatment of chronic diseases, such as rheumatoid arthritis or inflammatory bowel disease, or for the treatment of previously untreatable cancer. Significant investments in biologics infrastructure and manufacturing are necessary to produce biologic products.

Humira is now facing direct biosimilar competition in Europe and other countries, and AbbVie will continue to face competitive pressure from these biologics and from orally administered products.

In the United States, the FDA regulates biologics under the Federal Food, Drug, and Cosmetic Act (the FFDCA), the Public Health Service Act (PHSA) and the regulations implementing these statutes. The enactment of federal health care reform legislation in March 2010 provided a pathway for approval of biosimilars under the PHSA, but the approval process for, and science behind, biosimilars is complex. Approval by the FDA is dependent upon many factors, including a showing that the biosimilar is "highly similar" to the original product and has no clinically meaningful differences from the original product in terms of safety, purity and potency. The types of data that could ordinarily be required in an application to show similarity may include analytical data, bioequivalence studies and studies to demonstrate chemical similarity, animal studies (including toxicity studies) and clinical studies.

Furthermore, the law provides that only a biosimilar product that is determined to be "interchangeable" will be considered by the FDA as substitutable for the original biologic product without the intervention of the health care provider who prescribed the original biologic product. To prove that a biosimilar product

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is interchangeable, the applicant must demonstrate that the product can be expected to produce the same clinical results as the original biologic product in any given patient, and if the product is administered more than once in a patient, that safety risks and potential for diminished efficacy of alternating or switching between the use of the interchangeable biosimilar biologic product and the original biologic product is no greater than the risk of using the original biologic product without switching. The law continues to be interpreted and implemented by the FDA. As a result, its full ultimate impact, implementation and meaning remains subject to uncertainty.

Intellectual Property Protection and Regulatory Exclusivity

Generally, upon approval, products may be entitled to certain kinds of exclusivity under applicable intellectual property and regulatory regimes. AbbVie's intellectual property is materially valuable to the company, and AbbVie seeks patent protection, where available, in all significant markets and/or countries for each product in development. In the United States, the expiration date for patents is 20 years after the filing date. Given that patents relating to pharmaceutical products are often obtained early in the development process and given the amount of time needed to complete clinical trials and other development activities required for regulatory approval, the length of time between product launch and patent expiration is significantly less than 20 years. The Drug Price Competition and Patent Term Restoration Act of 1984 (commonly known as the Hatch-Waxman Act) permits a patent holder to seek a patent extension, commonly called a "patent term restoration," for patents on products (or processes for making the product) regulated by the FFDCA. The length of the patent extension is roughly based on 50 percent of the period of time from the filing of an Investigational New Drug Application (NDA) for a compound to the submission of the NDA for such compound, plus 100 percent of the time period from NDA submission to regulatory approval. The extension, however, cannot exceed five years and the patent term remaining after regulatory approval cannot exceed 14 years. Biological products licensed under the PHSA are similarly eligible for terms of patent restoration.

Pharmaceutical products may be entitled to other forms of legal or regulatory exclusivity upon approval. The scope, length and requirements for each of these exclusivities vary both in the United States and in other jurisdictions. In the United States, if the FDA approves a conventional drug product that contains an active ingredient not previously approved, the product is typically entitled to five years of non-patent regulatory exclusivity. Specific conditions of use approved for individual products may also be entitled to three years of exclusivity if approval was based on the FDA's reliance on new clinical studies essential to approval submitted by the NDA applicant. If the NDA applicant studies the product for use by children, the FDA may grant pediatric exclusivity, which extends by 180 days all existing exclusivities (patent and regulatory) related to the product. For products that are either used to treat conditions that afflict a relatively small population or for which there is not a reasonable expectation that the research and development costs will be recovered, the FDA may designate the pharmaceutical as an orphan drug and grant it seven years of exclusivity. Other types of regulatory exclusivity may also be available, such as Generating New Antibiotic Incentives Now (GAIN) exclusivity, which can provide new antibiotic or new antifungal drugs an additional five years of exclusivity to be added to certain exclusivities already provided for by law.

Applicable laws and regulations dictate the scope of any exclusivity to which a product or particular characteristics of a product is entitled upon approval in any particular country. In certain instances, regulatory exclusivity may offer protection where patent protection is no longer available or for a period of time in excess of patent protection. It is not possible to estimate for each product in development the total period and scope of exclusivity to which it may become entitled until regulatory approval is obtained or sometimes even later. However, given the length of time required to complete clinical development of a pharmaceutical product, the periods of exclusivity that might be achieved in any individual case would not generally be expected to exceed a minimum of three years and a maximum of 14 years. These estimates do not consider other factors, such as the difficulty of recreating the manufacturing process for a particular product or other proprietary knowledge that may delay the introduction of a generic or other follow-on product after the expiration of applicable patent and other regulatory exclusivity periods.

Biologics may be entitled to exclusivity under the Biologics Price Competition and Innovation Act, which was passed on March 23, 2010 as Title VII to the Patient Protection and Affordable Care Act.

The law provides a pathway for approval of biosimilars following the expiration of 12 years of regulatory exclusivity for the innovator biologic and a potential additional 180 day-extension term for conducting pediatric studies. Biologics are also eligible for orphan drug exclusivity, as discussed above. The law also includes an extensive process for the innovator biologic and biosimilar manufacturer to litigate patent infringement, validity and enforceability. The European Union has also created a pathway for approval of biosimilars and has published guidelines for approval of certain biosimilar products. The more complex nature of biologics and biosimilar products has led to close regulatory scrutiny over follow-on biosimilar products, which can reduce the effect of biosimilars on sales of the innovator biologic as compared to the sales erosion caused by generic versions of small molecule pharmaceutical products.

AbbVie owns or has licensed rights to a substantial number of patents and patent applications. AbbVie licenses or owns a patent portfolio of thousands of patent families, each of which includes United States patent applications and/or issued patents and may also contain the non-United States counterparts to these patents and applications.

These patents and applications, including various patents that expire during the period 2022 to the early 2040s, in aggregate are believed to be of material importance in the operation of AbbVie's business. However, AbbVie believes that no single patent, license, trademark (or related group of patents, licenses, or trademarks), except for those related to adalimumab (which is sold under the trademark Humira), are material in relation to the company's business as a whole. The United States composition of matter (that is, compound) patent covering adalimumab expired in December 2016, and the equivalent European Union patent expired in October 2018 in the majority of European Union countries. In the United States, non-composition of matter patents covering adalimumab expire no earlier than 2022. AbbVie has entered into settlement and license agreements with several adalimumab biosimilar manufactures. Under the agreements, the licenses in the United States will begin in 2023 and the licenses in Europe began in 2018.

In addition, the following patents, licenses and trademarks are significant: those related to ibrutinib (which is sold under the trademark Imbruvica) and those related to risankizumab (which is sold under the trademark Skyrizi). The United States composition of matter patent covering ibrutinib is expected to expire in 2027, however no generic entry for any ibrutinib product is expected prior to March 30, 2032, assuming pediatric exclusivity is granted. The United States composition of matter patent covering risankizumab is expected to expire in 2033.

AbbVie may rely, in some circumstances, on trade secrets to protect its technology. AbbVie seeks to protect its technology and product candidates, in part, by confidentiality agreements with its employees, consultants, advisors, contractors and collaborators. These agreements may be breached and AbbVie may not have adequate remedies for any breach. In addition, AbbVie's trade secrets may otherwise become known or be independently discovered by competitors. To the extent that AbbVie's employees, consultants, advisors, contractors and collaborators use intellectual property owned by others in their work for the company, disputes may arise as to the rights in related or resulting know-how and inventions.

Licensing, Acquisitions and Other Arrangements

In addition to its independent efforts to develop and market products, AbbVie enters into arrangements such as acquisitions, option-to-acquire agreements, licensing arrangements, option-to-license arrangements, strategic alliances, co-promotion arrangements, co-development and co-marketing agreements and joint ventures. The acquisitions and option-to-acquire agreements typically include, among other terms and conditions, non-refundable purchase price payments or option fees, option exercise payments, milestones or earn-outs and other customary terms and obligations. The licensing and other arrangements typically include, among other terms and conditions, non-refundable upfront license fees, option fees and option exercise payments, milestone payments and royalty and/or profit sharing obligations. See Note 5, "Licensing, Acquisitions and Other Arrangements—Other Licensing & Acquisitions Activity," to the Consolidated Financial Statements included under Item 8, "Financial Statements and Supplementary Data."

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Third Party Agreements

AbbVie has agreements with third parties for process development, product distribution, analytical services and manufacturing of certain products. AbbVie procures certain products and services from a limited number of suppliers and, in some cases, a single supply source. In addition, AbbVie has agreements with third parties for active pharmaceutical ingredient and product manufacturing, formulation and development services, fill, finish and packaging services, transportation and distribution and logistics services for certain products. AbbVie does not believe that these manufacturing related agreements are material because AbbVie's business is not substantially dependent on any individual agreement. In most cases, AbbVie maintains alternate supply relationships that it can utilize without undue disruption of its manufacturing processes if a third party fails to perform its contractual obligations. AbbVie seeks to maintain sufficient inventory of product to minimize the impact of any supply disruption.

AbbVie is also party to certain collaborations and other arrangements, as discussed in Note 5, "Licensing, Acquisitions and Other Arrangements—Other Licensing & Acquisitions Activity," to the Consolidated Financial Statements included under Item 8, "Financial Statements and Supplementary Data."

Sources and Availability of Raw Materials

AbbVie purchases, in the ordinary course of business, raw materials and supplies essential to its operations from numerous suppliers around the world. In addition, certain medical devices and components necessary for the manufacture of AbbVie products are provided by unaffiliated third party suppliers. Despite the disruption to the global supply chain caused by COVID-19, AbbVie has continued to supply patients with no material supply impact, except for the previously-disclosed near-term supply issues impacting Lupron. Given the general increased global volatility due to the pandemic, AbbVie is monitoring and taking actions to mitigate potential supply shortages which may impact the fulfillment of product demand.

Research and Development Activities

AbbVie makes a significant investment in research and development and has numerous compounds (and complementary devices) in clinical development, including potential treatments for complex, life-threatening diseases. AbbVie's ability to discover and develop new compounds is enhanced by the company's use of integrated discovery and development project teams, which include chemists, biologists, physicians and pharmacologists who work on the same compounds as a team. AbbVie also partners with third parties, such as biotechnology companies, other pharmaceutical companies and academic institutions to identify and prioritize promising new treatments that complement and enhance AbbVie's existing portfolio. AbbVie also supplements its research and development efforts with acquisitions.

The research and development process generally begins with discovery research which focuses on the identification of a molecule that has a desired effect against a given disease. If preclinical testing of an identified compound proves successful, the compound moves into clinical development which generally includes the following phases:

- Phase 1—involves the first human tests in a small number of healthy volunteers or patients to assess safety, tolerability and doses for later phases.
- Phase 2—tests different doses of the drug in a disease state in order to assess efficacy.
- Phase 3—tests a drug that demonstrates favorable results in the earlier phases in a significantly larger patient population to further demonstrate efficacy and safety in order to meet requirements to enable global approval.

Preclinical data and clinical trials from all of the development phases provide the data required to prepare and submit an NDA, a Biological License Application (BLA) or other submission for regulatory approval to the FDA or similar government agencies outside the United States. The specific requirements (e.g., scope of clinical trials) for obtaining regulatory approval vary across different countries and geographic regions.

The research and development process from discovery through a new drug launch typically takes 8 to 12 years and can be even longer. The research and development of new pharmaceutical products has a significant amount of inherent uncertainty. There is no guarantee when, or if, a molecule will receive the regulatory approval required to launch a new drug or indication.

In addition to the development of new products, delivery devices, and new formulations, research and development projects also may include Phase 4 trials, sometimes called post-marketing studies. For such projects, clinical trials are designed and conducted to collect additional data regarding, among other parameters, the benefits and risks of an approved drug.

Regulation—Discovery and Clinical Development

United States. Securing approval to market a new pharmaceutical product in the United States requires substantial effort and financial resources and takes several years to complete. The applicant must complete preclinical tests and submit protocols to the FDA before commencing clinical trials. Clinical trials are intended to establish the safety and efficacy of the pharmaceutical product and typically are conducted in sequential phases, although the phases may overlap or be combined. If the required clinical testing is successful, the results are submitted to the FDA in the form of an NDA or BLA requesting approval to market the product for one or more indications. The FDA reviews an NDA or BLA to determine whether a product is safe and effective for its intended use and whether its manufacturing is compliant with current Good Manufacturing Practices (cGMP).

Compliance with regulatory requirements is assured through periodic, announced or unannounced inspections by the FDA and other regulatory authorities, and these inspections associated with clinical development may include the sponsor, investigator sites, laboratories, hospitals and manufacturing facilities of AbbVie's subcontractors or other third-party manufacturers. Failure to comply with applicable regulatory requirements can result in enforcement action by the FDA, including rejection of an NDA or BLA.

Even if an NDA or a BLA receives approval, the applicant must comply with post-approval requirements. For example, holders of an approval must report adverse reactions, provide updated safety and efficacy information and comply with requirements concerning advertising and promotional materials and activities. Also, quality control and manufacturing procedures must continue to conform to cGMP after approval, and certain changes to the manufacturing procedures and finished product must be submitted and approved by the FDA prior to implementation. The FDA periodically inspects manufacturing facilities to assess compliance with cGMP, which imposes extensive procedural and record keeping requirements. In addition, as a condition of approval, the FDA may require post-marketing testing and surveillance to further assess and monitor the product's safety or efficacy after commercialization, which may require additional clinical trials, patient registries, observational data or additional work on chemistry, manufacturing and controls. Any post-approval regulatory obligations, and the cost of complying with such obligations, could expand in the future. Further, the FDA continues to regulate product labeling, and prohibits the promotion of products for unapproved or "off-label" uses along with other labeling restrictions.

Outside the United States. AbbVie is subject to similar regulatory requirements outside the United States for approval and marketing of pharmaceutical products. AbbVie must obtain approval of a clinical trial application or product from applicable supervising regulatory authorities before it can commence clinical trials or marketing of the product in target markets. The approval requirements and process for each country can vary, and the time required to obtain approval may be longer or shorter than that required for FDA approval in the United States. For example, AbbVie may submit marketing authorizations in the European Union under either a centralized or decentralized procedure. The centralized procedure is mandatory for the approval of biotechnology products and many pharmaceutical products and provides for a single marketing authorization that is valid for all European Union member states. Under the centralized procedure, a single marketing authorization application is submitted to the European Medicines Agency. After the agency evaluates the application, it makes a recommendation to the European Commission, which then makes the final determination on whether to approve the application. The decentralized procedure provides for mutual recognition of individual national approval decisions and is available for products that are not subject to the centralized procedure.

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In Japan, applications for approval of a new product are made through the Pharmaceutical and Medical Devices Agency (PMDA). Japan-specific trials and/or bridging studies to demonstrate that the non-Japanese clinical data applies to Japanese patients may be required. After completing a comprehensive review, the PMDA reports to the Ministry of Health, Labour and Welfare, which then approves or denies the application.

Similarly, applications for a new product in China are submitted to the Center for Drug Evaluation (CDE) of the National Medical Products Administration for technical review and approval of a product for marketing in China. Clinical data in Chinese subjects are usually required to support approval in China, requiring the inclusion of China in global pivotal studies, or a separate China/Asian clinical trial.

The regulatory process in many emerging markets continues to evolve. Many emerging markets, including those in Asia, generally require regulatory approval to have been obtained in a large developed market (such as the United States or Europe) before the country will begin or complete its regulatory review process. Similar to the requirements in Japan and China, certain countries (notably South Korea, Taiwan, India and Russia) also generally require that local clinical studies be conducted in order to support regulatory approval in the country.

The requirements governing the conduct of clinical trials and product licensing also vary. In addition, post-approval regulatory obligations such as adverse event reporting and cGMP compliance generally apply and may vary by country. For example, after a marketing authorization has been granted in the European Union, periodic safety reports must be submitted and other pharmacovigilance measures may be required (such as Risk Management Plans).

Regulation—Commercialization, Distribution and Manufacturing

The manufacturing, marketing, sale, promotion and distribution of AbbVie's products are subject to comprehensive government regulation. Government regulation by various national, regional, federal, state and local agencies, both in the United States and other countries, addresses (among other matters) inspection of, and controls over, research and laboratory procedures, clinical investigations, product approvals and manufacturing, labeling, packaging, marketing and promotion, pricing and reimbursement, sampling, distribution, quality control, post-marketing surveillance, record keeping, storage and disposal practices. AbbVie's operations are also affected by trade regulations in many countries that limit the import of raw materials and finished products and by laws and regulations that seek to prevent corruption and bribery in the marketplace (including the United States Foreign Corrupt Practices Act and the United Kingdom Bribery Act, which provide guidance on corporate interactions with government officials) and require safeguards for the protection of personal data. In addition, AbbVie is subject to laws and regulations pertaining to health care fraud and abuse, including state and federal anti-kickback and false claims laws in the United States. Prescription drug manufacturers such as AbbVie are also subject to taxes, as well as application, product, user and other fees.

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

In addition to regulatory initiatives, AbbVie's business can be affected by ongoing studies of the utilization, safety, efficacy and outcomes of health care products and their components that are regularly conducted by industry participants, government agencies and others. These studies can lead to updates to the data regarding utilization, safety and efficacy of previously marketed products. In some cases, these studies have resulted, and may in the future result, in the discontinuance of, or limitations on, marketing of such products domestically or worldwide, and may give rise to claims for damages from persons who believe they have been injured as a result of their use.

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

United States. Specifically, U.S. federal laws require pharmaceutical manufacturers to pay certain statutorily-prescribed rebates to state Medicaid programs on prescription drugs reimbursed under state Medicaid plans, and the efforts by states to seek additional rebates may affect AbbVie's business. Similarly, the Veterans Health Care Act of 1992, as a prerequisite to participation in Medicaid and other federal health care programs, requires that manufacturers extend additional discounts on pharmaceutical products to various federal agencies, including the United States Department of Veterans Affairs, Department of Defense and Public Health Service entities and institutions. In addition, recent legislative changes would require similarly discounted prices to be offered to TRICARE program beneficiaries. The Veterans Health Care Act of 1992 also established the 340B drug discount program, which requires pharmaceutical manufacturers to provide products at reduced prices to various designated health care entities and facilities.

In the United States, most states also have generic substitution legislation requiring or permitting a dispensing pharmacist to substitute a different manufacturer's generic version of a pharmaceutical product for the one prescribed. In addition, the federal government follows a diagnosis-related group (DRG) payment system for certain institutional services provided under Medicare or Medicaid and has implemented a prospective payment system (PPS) for services delivered in hospital outpatient, nursing home and home health settings. DRG and PPS entitle a health care facility to a fixed reimbursement based on the diagnosis and/or procedure rather than actual costs incurred in patient treatment, thereby increasing the incentive for the facility to limit or control expenditures for many health care products. Medicare reimburses Part B drugs based on average sales price plus a certain percentage to account for physician administration costs, which have been reduced in the hospital outpatient setting. Medicare enters into contracts with private plans to negotiate prices for most patient-administered medicine delivered under Part D.

Under the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act (together, the Affordable Care Act), AbbVie pays a fee related to its pharmaceuticals sales to government programs. In addition, AbbVie provides a discount of 70% for branded prescription drugs sold to patients who fall into the Medicare Part D coverage gap, or "donut hole."

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

AbbVie expects debate to continue during 2022 at all government levels worldwide over the marketing, availability, method of delivery and payment for health care products and services. AbbVie believes that future legislation and regulation in the markets it serves could affect access to health care products and services, increase rebates, reduce prices or the rate of price increases for health care products and services, change health care delivery systems, create new fees and obligations for the pharmaceuticals industry, or require additional reporting and disclosure. It is difficult to predict the extent to which AbbVie or the health care industry in general might be affected by the matters discussed above.

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European Union. The European Union has adopted directives and other legislation governing labeling, advertising, distribution, supply, pharmacovigilance and marketing of pharmaceutical products. Such legislation provides mandatory standards throughout the European Union and permits member states to supplement these standards with additional regulations. European governments also regulate pharmaceutical product prices through their control of national health care systems that fund a large part of the cost of such products to consumers. As a result, patients are unlikely to use a pharmaceutical product that is not reimbursed by the government. In many European countries, the government either regulates the pricing of a new product at launch or subsequent to launch through direct price controls or reference pricing. In recent years, many countries have also imposed new or additional cost containment measures on pharmaceutical products. Differences between national pricing regimes create price differentials within the European Union that can lead to significant parallel trade in pharmaceutical products.

Most governments also promote generic substitution by mandating or permitting a pharmacist to substitute a different manufacturer's generic version of a pharmaceutical product for the one prescribed and by permitting or mandating that health care professionals prescribe generic versions in certain circumstances. Many governments are also following a similar path for biosimilar therapies. In addition, governments use reimbursement lists to limit the pharmaceutical products that are eligible for reimbursement by national health care systems.

Japan. In Japan, the National Health Insurance system maintains a Drug Price List specifying which pharmaceutical products are eligible for reimbursement, and the Ministry of Health, Labour and Welfare sets the prices of the products on this list. The government generally introduces price cut rounds every other year and also mandates price decreases for specific products. New products judged innovative or useful, that are indicated for pediatric use, or that target orphan or small population diseases, however, may be eligible for a pricing premium. The government has also promoted the use of generics, where available.

Emerging Markets. Many emerging markets take steps to reduce pharmaceutical product prices, in some cases through direct price controls and in others through the promotion of generic/biosimilar alternatives to branded pharmaceuticals.

Since AbbVie markets its products worldwide, certain products of a local nature and variations of product lines must also meet other local regulatory requirements. Certain additional risks are inherent in conducting business outside the United States, including price and currency exchange controls, changes in currency exchange rates, limitations on participation in local enterprises, expropriation, nationalization and other governmental action.

Regulation—Medical Devices

Medical devices are subject to regulation by the FDA, state agencies and foreign government health authorities. FDA regulations, as well as various U.S. federal and state laws, govern the development, clinical testing, manufacturing, labeling, record keeping and marketing of medical device products agencies in the United States. AbbVie's medical device product candidates, including AbbVie's breast implants, must undergo rigorous clinical testing and an extensive government regulatory clearance or approval process prior to sale in the United States and other countries. The lengthy process of clinical development and submissions for clearance or approval, and the continuing need for compliance with applicable laws and regulations, require the expenditure of substantial resources. Regulatory clearance or approval, when and if obtained, may be limited in scope, and may significantly limit the indicated uses for which a product may be marketed. Cleared or approved products and their manufacturers are subject to ongoing review, and discovery of previously unknown problems with products may result in restrictions on their manufacture, sale and/or use or require their withdrawal from the market.

United States. AbbVie's medical device products are subject to extensive regulation by the FDA in the United States. Unless an exemption applies, each medical device AbbVie markets in the United States must have a 510(k) clearance or a Premarket Approval Application (PMA) in accordance with the FFDCA and its implementing regulations. The FDA classifies medical devices into one of three

classes, depending on the degree of risk associated with each medical device and the extent of controls that are needed to ensure safety and effectiveness. Devices deemed to pose a lower risk are placed in either Class I or Class II, and devices deemed by the FDA to pose the greatest risk, such as life-sustaining, life-supporting or implantable devices, or a device deemed to be not substantially equivalent to a previously cleared 510(k) device, are placed in Class III. In general, a Class III device cannot be marketed in the United States unless the FDA approves the device after submission of a PMA, and any changes to the device subsequent to initial FDA approval must also be reviewed and approved by the FDA. The majority of AbbVie's medical device products, including AbbVie's breast implants, are regulated as Class III medical devices. A Class III device may have significant additional obligations imposed in its conditions of approval, and the time in which it takes to obtain approval can be long. Compliance with regulatory requirements is assured through periodic, unannounced facility inspections by the FDA and other regulatory authorities, and these inspections may include the manufacturing facilities of AbbVie's subcontractors or other third-party manufacturers. Failure to comply with applicable regulatory requirements can result in enforcement action by the FDA, which may include any of the following sanctions: warning letters or untitled letters; fines, injunctions and civil penalties; recall or seizure of AbbVie' products; operating restrictions, partial suspension or total shutdown of production; refusing AbbVie' request for 510(k) clearance or PMA approval of new products; withdrawing 510(k) clearance or PMA approvals that are already granted; and criminal prosecution.

A clinical trial is almost always required to support a PMA application and is sometimes required for a 510(k) premarket notification. Clinical trials generally require submission of an application for an investigational device exemption (IDE), which must be supported by appropriate data, such as animal and laboratory testing results, showing that it is safe to test the device in humans and that the testing protocol is scientifically sound. A study sponsor must obtain approval for its IDE from the FDA, and it must also obtain approval of its study from the Institutional Review Board overseeing the trial. The results of clinical testing may not be sufficient to obtain approval of the investigational device.

Once a device is approved, the manufacture and distribution of the device remains subject to continuing regulation by the FDA, including Quality System Regulation requirements, which involve design, testing, control, documentation and other quality assurance procedures during the manufacturing process. Medical device manufacturers and their subcontractors are required to register their establishments and list their manufactured devices with the FDA and are subject to periodic unannounced inspections by the FDA and certain state agencies for compliance with regulatory requirements. Manufacturers must also report to the FDA if their devices may have caused or contributed to a death or serious injury or malfunctioned in a way that could likely cause or contribute to a death or serious injury, or if the manufacturer conducts a field correction or product recall or removal to reduce a risk to health posed by a device or to remedy a violation of the FFDCA that may present a health risk. Further, the FDA continues to regulate device labeling, and prohibits the promotion of products for unapproved or "off-label" uses along with other labeling restrictions.

European Union. Medical device products that are marketed in the European Union must comply with the requirements of the Medical Device Regulation (the MDR), which came into effect in May 2021. The MDR provides for regulatory oversight with respect to the design, manufacture, clinical trials, labeling and adverse event reporting for medical devices to ensure that medical devices marketed in the European Union are safe and effective for their intended uses. Medical devices that comply with the MDR are entitled to bear a Conformité Européenne marking evidencing such compliance and may be marketed in the European Union. Failure to comply with these domestic and international regulatory requirements could affect AbbVie's ability to market and sell AbbVie's products in these countries.

Environmental Matters

AbbVie believes that its operations comply in all material respects with applicable laws and regulations concerning environmental protection. Regulations under federal and state environmental laws impose stringent limitations on emissions and discharges to the environment from various manufacturing operations. AbbVie's capital expenditures for pollution control in 2021 were approximately $17 million and operating expenditures were approximately $33 million. In 2022, capital expenditures for pollution control are estimated to be approximately $14 million and operating expenditures are estimated to be approximately $34 million.

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

Employees

AbbVie employed approximately 50,000 employees in over 70 countries as of January 31, 2022. Outside the United States, some of AbbVie's employees are represented by unions or works councils. AbbVie believes that it has good relations with its employees.

Human Capital Management

Attracting, retaining and providing meaningful growth and development opportunities to AbbVie's employees is critical to the company's success in making a remarkable impact on people's lives around the world. AbbVie leverages numerous resources to identify and enhance strategic and leadership capability, foster employee engagement and create a culture where diverse talent is productive and engaged. AbbVie invests in its employees through competitive compensation, benefits and employee support programs and offers best-in-class development and leadership opportunities. AbbVie has developed a deep talent base through ongoing investment in functional and leadership training and by sourcing world-class external talent, ensuring a sustainable talent pipeline. AbbVie continuously cultivates and enhances its working culture and embraces equality, diversity and inclusion as fundamental to the company's mission.

Attracting and Developing Talent. Attracting and developing high-performing talent is essential to AbbVie's continued success. AbbVie implements detailed talent attraction strategies, with an emphasis on STEM skill sets, a diverse talent base and other critical skillsets, including drug discovery, clinical development, market access and business development. AbbVie also invests in competitive compensation and benefits programs. In addition to offering a comprehensive suite of benefits ranging from medical and dental coverage to retirement, disability and life insurance programs, AbbVie also provides health promotion programs, mental health awareness campaigns and employee assistance programs in several countries, financial wellness support, on-site health screenings and immunizations in several countries and on-site fitness and rehabilitation centers. In addition, the AbbVie Employee Assistance Fund (a part of the AbbVie Foundation) supports two programs for global employees: the AbbVie Possibilities Scholarship for children of employees, which is an annual merit-based scholarship for use at accredited colleges, universities or vocational-technical schools; and the Employee Relief Program, which is financial assistance to support short term needs of employees when faced with large-scale disasters (e.g. a hurricane), individual disasters (e.g. a home fire) or financial hardship (e.g. the death of a spouse). Finally, AbbVie empowers managers and their teams with tools, tips and guidelines on effectively managing workloads, managing teams from a distance and supporting flexible work practices.

New AbbVie employees are given a tailored onboarding experience for faster integration and to support performance. AbbVie's mentorship program allows employees to self-nominate as mentors or mentees and facilitates meaningful relationships supporting employees' career and development goals.

AbbVie also provides structured, broad-based development opportunities, focusing on high-performance skills and leadership training. AbbVie's talent philosophy holds leaders accountable for building a high-performing organization, and the company provides development opportunities to all levels of leadership. AbbVie's Learn, Develop, Perform program offers year-long, self-directed leadership education, supplemented with tools and resources, and leverages leaders as role models and teachers.

In addition, the foundation to AbbVie's leadership pipeline is the company's Professional Development Programs, which attract graduates, postgraduates and post-doctoral talent to participate in formal development programs lasting up to three years, with the objective of strengthening functional and leadership capabilities.

Culture. AbbVie's shared values of transforming lives, acting with integrity, driving innovation, embracing diversity and inclusion and serving the community form the core of the company's culture. AbbVie articulates the behaviors associated with these values in the Ways We Work, a core set of working behaviors that emphasize how the company achieves results is equally as important as achieving them. The Ways We Work are designed to ensure that every AbbVie employee is aware of the company's cultural expectations. AbbVie integrates the Ways We Work into all talent processes, forming the basis for assessing performance, prioritizing development and ultimately rewarding employees. AbbVie believes its culture creates strong engagement, which is measured regularly through a confidential, third party all-employee survey, and this engagement supports AbbVie's mission of making a remarkable impact on people's lives.

Equity, Equality, Diversity & Inclusion (EED&I). A cornerstone of AbbVie's human capital management approach is to prioritize fostering an inclusive and diverse workforce. In 2019, AbbVie adopted a five-year Equality, Diversity & Inclusion roadmap that defines key global focus areas, objectives and associated initiatives, and includes implementation plans organized by business function and geography. AbbVie's senior leaders have adopted formal goals aligned with executing this strategy. In recent years, AbbVie's board of directors has prioritized oversight of AbbVie's response to the U.S. racial justice movement, including overseeing internal programs designed to ensure that AbbVie is attracting, retaining and developing diverse talent. Through December 2021, women represented 51 percent of management positions globally and in the United States, 35 percent of AbbVie's workforce was comprised of members of historically underrepresented populations, an increase from 2020. Further, AbbVie is committed to pay equity and conducts pay equity analyses annually. A critical component of AbbVie's strategy is to instill an inclusive mindset in all AbbVie leaders and employees, so the company can realize the full value of a diverse workforce from recruitment through retirement. AbbVie recently launched a new resource for people who manage others to reinforce the importance of EED&I to the business, educate leaders on inclusive recruiting practices and modeling inclusive behavior, and encourage participation in the company's inclusive culture learning opportunities. AbbVie's Employee Resource Groups also help the company nurture an inclusive culture by building community, hosting awareness events and providing leadership and career opportunities. In 2021, AbbVie reiterated its commitment to racial equality and social justice by, among other things, expanding its employee matching program to $3-to-$1 for donations to civil rights nonprofits fostering racial equity and by reaffirming its commitment to clinical trial diversity. Additional information about AbbVie's efforts on racial equality and social justice is provided on the company's website at: https://abbvie.com/our-company/equality-inclusion-diversity/our-commitment-to-racial-justice.html.

COVID-19 Health and Safety. AbbVie has effectively prioritized the health and safety of its employees during the COVID-19 pandemic, while continuing to drive strong business performance. AbbVie implemented, among other things, temporary office and facility closures and establishment of new safety and cleaning protocols and procedures; regular communication regarding the effect of the pandemic on AbbVie's business and employees; establishment of physical distancing procedures, modification of workspaces and provision of personal protective equipment and cleaning supplies for employees; provision of on-site vaccinations and temperature screenings; a variety of testing and vaccination resources including on-site vaccinations and on-site and at-home testing and COVID case management programs; and remote working accommodations and related services to support employees' needs for flexibility. In addition, COVID-19 is a covered event under the AbbVie Employee Assistance Fund's Employee Relief Program, entitling eligible AbbVie employees and their families to financial assistance to pay for mortgage/rent, utilities, food, childcare and medical expenses not covered by insurance. AbbVie also provided paid leave and other support and accommodations to the company's employees with relevant medical, pharmaceutical, research and development, science, public health and public safety skills, knowledge, training and experience who desired or were requested or mandated to serve as volunteers during the pandemic. Lastly, AbbVie's commitment to employees has been evidenced by no workforce reductions and no salary reductions associated with COVID-19.

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Internet Information

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

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

ITEM 1A. RISK FACTORS

You should carefully consider the following risks and other information in this Form 10-K in evaluating AbbVie and AbbVie's common stock. Any of the following risks could materially and adversely affect AbbVie's results of operations, financial condition or cash flows. The risk factors generally have been separated into two groups: risks related to AbbVie's business and risks related to AbbVie's common stock. Based on the information currently known to it, AbbVie believes that the following information identifies the most significant risk factors affecting it in each of these categories of risks. However, the risks and uncertainties AbbVie faces are not limited to those set forth in the risk factors described below and may not be in order of importance or probability of occurrence. Additional risks and uncertainties not presently known to AbbVie or that AbbVie currently believes to be immaterial may also adversely affect its business. In addition, past financial performance may not be a reliable indicator of future performance and historical trends should not be used to anticipate results or trends in future periods.

If any of the following risks and uncertainties develops into actual events, these events could have a material adverse effect on AbbVie's business, results of operations, financial condition or cash flows. In such case, the trading price of AbbVie's common stock could decline.

Risks Related to AbbVie's Business

Public health outbreaks, epidemics or pandemics, such as the coronavirus (COVID-19), have had, and could in the future have, an adverse impact on AbbVie's operations and financial condition.

Public health outbreaks, epidemics or pandemics have had, and could in the future have, an adverse impact on AbbVie's operations and financial condition. The continuing pandemic caused by the novel strain of coronavirus (COVID-19) has caused many countries, including the United States, to declare national emergencies and implement preventive measures such as travel bans and shelter in place or total lock-down orders, some of which have eased. The continuation or re-implementation of these bans and orders remains uncertain. The COVID-19 pandemic has caused AbbVie to modify its business practices (including instituting remote work for many of AbbVie's employees), and AbbVie may take further actions as may be required by government authorities or as AbbVie determines are in the best interests of AbbVie's employees, patients, customers and business partners.

While the impact of COVID-19 on AbbVie's operations, including, among others, its manufacturing and supply chain, sales and marketing, commercial and clinical trial operations, to date has not been material, AbbVie has experienced lower new patient starts in certain products and markets. The impact of COVID-19 on AbbVie over the long-term is uncertain and cannot be predicted with confidence. The extent of the adverse impact of COVID-19 on AbbVie's operations will depend on the extent and severity of the continued spread of COVID-19 globally, the timing and nature of actions taken to respond to COVID-19 and the resulting economic consequences. Ultimately, efforts to mitigate the impact of COVID-19 may not completely prevent AbbVie's business from being adversely affected and future impacts remain uncertain.

The expiration or loss of patent protection and licenses may adversely affect AbbVie's future revenues and operating earnings.

AbbVie relies on patent, trademark and other intellectual property protection in the discovery, development, manufacturing and sale of its products. In particular, patent protection is, in the aggregate, important in AbbVie's marketing of pharmaceutical products in the United States and most major markets outside of the United States. Patents covering AbbVie products normally provide market exclusivity, which is important for the profitability of many of AbbVie's products.

As patents for certain of its products expire, AbbVie will or could face competition from lower priced generic or biosimilar products. The expiration or loss of patent protection for a product typically is followed promptly by substitutes that may significantly reduce sales for that product in a short amount of time. If AbbVie's competitive position is compromised because of generics, biosimilars or otherwise, it could have a material adverse effect on AbbVie's business and results of operations. In addition,

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proposals emerge from time to time for legislation to further encourage the early and rapid approval of generic drugs or biosimilars. Any such proposals that are enacted into law could increase the impact of generic competition.

AbbVie's principal patents and trademarks are described in greater detail in Item 1, "Business—Intellectual Property Protection and Regulatory Exclusivity" and Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations," and litigation regarding these patents is described in Item 3, "Legal Proceedings." The United States composition of matter patent for Humira, which is AbbVie's largest product and had worldwide net revenues of approximately $20.7 billion in 2021, expired in December 2016, and the equivalent European Union patent expired in the majority of European Union countries in October 2018.

AbbVie's major products could lose patent protection earlier than expected, which could adversely affect AbbVie's future revenues and operating earnings.

Third parties or government authorities may challenge or seek to invalidate or circumvent AbbVie's patents and patent applications. For example, manufacturers of generic pharmaceutical products file, and may continue to file, Abbreviated New Drug Applications with the FDA seeking to market generic forms of AbbVie's products prior to the expiration of relevant patents owned or licensed by AbbVie by asserting that the patents are invalid, unenforceable and/or not infringed. In addition, petitioners have filed, and may continue to file, challenges to the validity of AbbVie patents under the 2011 Leahy-Smith America Invents Act, which created *inter partes* review and post grant review procedures for challenging patent validity in administrative proceedings at the United States Patent and Trademark Office.

Although most of the challenges to AbbVie's intellectual property have come from other businesses, governments may also challenge intellectual property rights. For example, court decisions and potential legislation relating to patents, such as legislation regarding biosimilars, and other regulatory initiatives may result in further erosion of intellectual property protection. In addition, certain governments outside the United States have indicated that compulsory licenses to patents may be sought to further their domestic policies or on the basis of national emergencies, such as HIV/AIDS. If triggered, compulsory licenses could diminish or eliminate sales and profits from those jurisdictions and negatively affect AbbVie's results of operations.

AbbVie normally responds to challenges by vigorously defending its patents, including by filing patent infringement lawsuits. Patent litigation, administrative proceedings and other challenges to AbbVie's patents are costly and unpredictable and may deprive AbbVie of market exclusivity for a patented product. To the extent AbbVie's intellectual property is successfully challenged, circumvented or weakened, or to the extent such intellectual property does not allow AbbVie to compete effectively, AbbVie's business will suffer. To the extent that countries do not enforce AbbVie's intellectual property rights or require compulsory licensing of AbbVie's intellectual property, AbbVie's future revenues and operating earnings will be reduced.

A third party's intellectual property may prevent AbbVie from selling its products or have a material adverse effect on AbbVie's future profitability and financial condition.

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

Any significant event that adversely affects Humira revenues could have a material and negative impact on AbbVie's results of operations and cash flows.

Humira accounted for approximately 37% of AbbVie's total net revenues in 2021. Any significant event that adversely affects Humira's revenues could have a material adverse impact on AbbVie's results of operations and cash flows. These events could include loss of patent protection for Humira

(as described further in "*—The expiration or loss of patent protection and licenses may adversely affect AbbVie's future revenues and operating earnings*" above), the commercialization of biosimilars of Humira, the discovery of previously unknown side effects or impaired efficacy, increased competition from the introduction of new, more effective or less expensive treatments and discontinuation or removal from the market of Humira for any reason.

AbbVie's research and development efforts may not succeed in developing and marketing commercially successful products and technologies, which may cause its revenues and profitability to decline.

To remain competitive, AbbVie must continue to launch new products and new indications and/or brand extensions for existing products, and such launches must generate revenue sufficient both to cover its substantial research and development costs and to replace revenues of profitable products that are lost to or displaced by competing products or therapies. Failure to do so would have a material adverse effect on AbbVie's revenue and profitability. Accordingly, AbbVie commits substantial effort, funds, and other resources to research and development and must make ongoing substantial expenditures without any assurance that its efforts will be commercially successful. A high rate of failure in the biopharmaceutical industry is inherent in the research and development of new products, and failure can occur at any point in the research and development process, including after significant funds have been invested. Products that appear promising in development may fail to reach the market for numerous reasons, including failure to demonstrate effectiveness, safety concerns, superior safety or efficacy of competing therapies, failure to achieve positive clinical or pre-clinical outcomes beyond the current standards of care, inability to obtain necessary regulatory approvals or delays in the approval of new products and new indications, limited scope of approved uses, excessive costs to manufacture, the failure to obtain or maintain intellectual property rights, or infringement of the intellectual property rights of others.

Decisions about research studies made early in the development process of a pharmaceutical product candidate can affect the marketing strategy once such candidate receives approval. More detailed studies may demonstrate additional benefits that can help in the marketing, but they also consume time and resources and may delay submitting the pharmaceutical product candidate for approval. AbbVie cannot guarantee that a proper balance of speed and testing will be made with respect to each pharmaceutical product candidate or that decisions in this area would not adversely affect AbbVie's future results of operations.

Even if AbbVie successfully develops and markets new products or enhancements to its existing products, they may be quickly rendered obsolete by changing clinical preferences, changing industry standards, or competitors' innovations. AbbVie's innovations may not be accepted quickly in the marketplace because of existing clinical practices or uncertainty over third-party reimbursement. AbbVie cannot state with certainty when or whether any of its products under development will be launched, whether it will be able to develop, license, or otherwise acquire compounds or products, or whether any products will be commercially successful. Failure to launch successful new products or new indications for existing products may cause AbbVie's products to become obsolete, causing AbbVie's revenues and operating results to suffer.

A portion of AbbVie's near-term pharmaceutical pipeline relies on collaborations with third parties, which may adversely affect the development and sale of its products.

AbbVie depends on alliances and joint ventures with pharmaceutical and biotechnology companies for a portion of the products in its near-term pharmaceutical pipeline. Failures by these parties to meet their contractual, regulatory, or other obligations to AbbVie, or any disruption in the relationships between AbbVie and these third parties, could have an adverse effect on AbbVie's pharmaceutical pipeline and business. In addition, AbbVie's collaborative relationships for research and development extend for many years and may give rise to disputes regarding the relative rights, obligations and revenues of AbbVie and its collaboration partners, including the ownership of intellectual property and associated rights and obligations. This could result in the loss of intellectual property rights or protection, delay the development and sale of potential pharmaceutical products and lead to lengthy and expensive litigation, administrative proceedings or arbitration.

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Biologics carry unique risks and uncertainties, which could have a negative impact on future results of operations.

The successful discovery, development, manufacturing and sale of biologics is a long, expensive and uncertain process. There are unique risks and uncertainties with biologics. For example, access to and supply of necessary biological materials, such as cell lines, may be limited and governmental regulations restrict access to and regulate the transport and use of such materials. In addition, the development, manufacturing and sale of biologics is subject to regulations that are often more complex and extensive than the regulations applicable to other pharmaceutical products. Manufacturing biologics, especially in large quantities, is often complex and may require the use of innovative technologies. Such manufacturing also requires facilities specifically designed and validated for this purpose and sophisticated quality assurance and quality control procedures. Biologics are also frequently costly to manufacture because production inputs are derived from living animal or plant material, and some biologics cannot be made synthetically. Failure to successfully discover, develop, manufacture and sell biologics—including Humira—could adversely impact AbbVie's business and results of operations.

AbbVie's biologic products are subject to competition from biosimilars.

The Biologics Price Competition and Innovation Act creates a framework for the approval of biosimilars in the United States and could allow competitors to reference data from biologic products already approved. In Europe, the European Commission has granted marketing authorizations for several biosimilars pursuant to a set of general and product class-specific guidelines for biosimilar approvals issued over the past few years. In addition, companies are developing biosimilars in other countries that could and do compete with AbbVie's biologic products, including Humira. As competitors obtain marketing approval for biosimilars referencing AbbVie's biologic products, AbbVie's products may become subject to competition from such biosimilars, with the attendant competitive pressure and consequences. Expiration or successful challenge of AbbVie's applicable patent rights could also trigger competition from other products, assuming any relevant exclusivity period has expired. As a result, AbbVie could face more litigation and administrative proceedings with respect to the validity and/or scope of patents relating to its biologic products.

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

AbbVie competes with other research-based pharmaceutical and biotechnology companies that discover, manufacture, market and sell proprietary pharmaceutical products and biologics. For example, Humira competes with anti-TNF products and other competitive products intended to treat a number of disease states and Mavyret/Maviret competes with other available hepatitis C treatment options. In addition, in the past few years, a number of other companies have started to develop, have successfully developed and/or are currently marketing products that are being positioned as competitors to Botox. All of these competitors may introduce new products or develop technological advances that compete with AbbVie's products in therapeutic areas such as immunology, hematologic oncology, aesthetics, neuroscience, eye care and women's health. AbbVie cannot predict with certainty the timing or impact of the introduction by competitors of new products or technological advances. Such competing products may be safer, more effective, more effectively marketed or sold, or have lower prices or superior performance features than AbbVie's products, and this could negatively impact AbbVie's business and results of operations.

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

The manufacture of many of AbbVie's products is a highly exacting and complex process, due in part to strict regulatory requirements. Problems may arise during manufacturing for a variety of reasons, including equipment malfunction, failure to follow specific protocols and procedures, problems with raw materials, delays related to the construction of new facilities or the expansion of existing facilities, including those intended to support future demand for AbbVie's products, changes in manufacturing production sites and limits to manufacturing capacity due to regulatory requirements, changes in the

types of products produced, physical limitations that could inhibit continuous supply, man-made or natural disasters and environmental factors. If problems arise during the production of a batch of product, that batch of product may have to be discarded and AbbVie may experience product shortages or incur added expenses. This could, among other things, lead to increased costs, lost revenue, damage to customer relations, time and expense spent investigating the cause and, depending on the cause, similar losses with respect to other batches or products. If problems are not discovered before the product is released to the market, recall and product liability costs may also be incurred.

AbbVie uses a number of products in its pharmaceutical and biologic manufacturing processes that are sourced from single suppliers, and an interruption in the supply of those products could adversely affect AbbVie's business and results of operations.

AbbVie uses a number of products in its pharmaceutical and biologic manufacturing processes that are sourced from single suppliers. The failure of these single-source suppliers to fulfill their contractual obligations in a timely manner or as a result of regulatory noncompliance or physical disruption at a manufacturing site may impair AbbVie's ability to deliver its products to customers on a timely and competitive basis, which could adversely affect AbbVie's business and results of operations. Finding an alternative supplier could take a significant amount of time and involve significant expense due to the nature of the products and the need to obtain regulatory approvals. AbbVie cannot guarantee that it will be able to reach agreement with alternative providers or that regulatory authorities would approve AbbVie's use of such alternatives. AbbVie does, however, carry business interruption insurance, which provides a degree of protection in the case of a failure by a single-source supplier.

Certain aspects of AbbVie's operations are highly dependent upon third party service providers.

AbbVie relies on suppliers, vendors and other third party service providers to research, develop, manufacture, commercialize, promote and sell its products. Reliance on third party manufacturers reduces AbbVie's oversight and control of the manufacturing process. Some of these third party providers are subject to legal and regulatory requirements, privacy and security risks and market risks of their own. The failure of a critical third party service provider to meet its obligations could have a material adverse impact on AbbVie's operations and results. If any third party service providers have violated or are alleged to have violated any laws or regulations during the performance of their obligations to AbbVie, it is possible that AbbVie could suffer financial and reputational harm or other negative outcomes, including possible legal consequences.

Significant safety or efficacy issues could arise for AbbVie's products, which could have a material adverse effect on AbbVie's revenues and financial condition.

Pharmaceutical products receive regulatory approval based on data obtained in controlled clinical trials of limited duration. Following regulatory approval, these products will be used over longer periods of time in many patients. Investigators may also conduct additional, and perhaps more extensive, studies. If new safety or efficacy issues are reported or if new scientific information becomes available (including results of post-marketing Phase 4 trials), or if governments change standards regarding safety, efficacy or labeling, AbbVie may be required to amend the conditions of use for a product. For example, AbbVie may voluntarily provide or be required to provide updated information on a product's label or narrow its approved indication, either of which could reduce the product's market acceptance. If safety or efficacy issues with an AbbVie product arise, sales of the product could be halted by AbbVie or by regulatory authorities and regulatory action could be taken by such regulatory authorities. Safety or efficacy issues affecting suppliers' or competitors' products also may reduce the market acceptance of AbbVie's products.

New data about AbbVie's products, or products similar to its products, could negatively impact demand for AbbVie's products due to real or perceived safety issues or uncertainty regarding efficacy and, in some cases, could result in product withdrawal. Furthermore, new data and information, including information about product misuse, may lead government agencies, professional societies, practice management groups or organizations involved with various diseases to publish guidelines or

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recommendations related to the use of AbbVie's products or the use of related therapies or place restrictions on sales. Such guidelines or recommendations may lead to lower sales of AbbVie's products.

AbbVie is subject to product liability claims and other lawsuits that may adversely affect its business and results of operations.

In the ordinary course of business, AbbVie is the subject of product liability claims and lawsuits alleging that AbbVie's products or the products of other companies that it promotes have resulted or could result in an unsafe condition for or injury to patients. For example, lawsuits are pending against Allergan, AbbVie's recently acquired subsidiary, and certain of its current and former officers alleging they made misrepresentations and omissions regarding Allergan's textured breast implants. Product liability claims and lawsuits and safety alerts or product recalls, regardless of their ultimate outcome, may have a material adverse effect on AbbVie's business, results of operations and reputation and on its ability to attract and retain customers. Consequences may also include additional costs, a decrease in market share for the product in question, lower income and exposure to other claims. Product liability losses are self-insured.

AbbVie is also the subject of other claims, legal proceedings and investigations in the ordinary course of business, which relate to the intellectual property, commercial, securities and other matters. Adverse outcomes in such claims, legal proceedings and investigations may also adversely affect AbbVie's business and results of operations. Additionally, Allergan has been named as a defendant in approximately 3,130 matters relating to the promotion and sale of prescription opioid pain relievers and additional suits may be filed. See Note 15, "Legal Proceedings and Contingencies" to the Consolidated Financial Statements included under Item 8, "Financial Statements and Supplementary Data." AbbVie cannot predict the outcome of these proceedings.

AbbVie is subject to cost-containment efforts and pricing pressures that could cause a reduction in future revenues and operating earnings, and changes in the terms of rebate and chargeback programs, which are common in the pharmaceuticals industry, could have a material adverse effect on AbbVie's operations.

Cost-containment efforts by governments and private organizations are described in greater detail in Item 1, "Business—Regulation—Commercialization, Distribution and Manufacturing." To the extent these cost containment efforts are not offset by greater demand, increased patient access to health care, or other factors, AbbVie's future revenues and operating earnings will be reduced. In the United States, the European Union and other countries, AbbVie's business has experienced downward pressure on product pricing, and this pressure could increase in the future.

AbbVie is subject to increasing public and legislative pressure with respect to pharmaceutical pricing. In the United States, practices of managed care groups, and institutional and governmental purchasers, and United States federal laws and regulations related to Medicare and Medicaid, including the Medicare Prescription Drug Improvement and Modernization Act of 2003 and the Patient Protection and Affordable Care Act, contribute to pricing pressures. The potential for continuing changes to the health care system in the United States and the increased purchasing power of entities that negotiate on behalf of Medicare, Medicaid and private sector beneficiaries could result in additional pricing pressures.

In numerous major markets worldwide, the government plays a significant role in funding health care services and determining the pricing and reimbursement of pharmaceutical products. Consequently, in those markets, AbbVie is subject to government decision-making and budgetary actions with respect to its products. In particular, many European countries have ongoing government-mandated price reductions for many pharmaceutical products, and AbbVie anticipates continuing pricing pressures in Europe. Differences between countries in pricing regulations could lead to third-party cross-border trading in AbbVie's products that results in a reduction in future revenues and operating earnings.

Rebates related to government programs, such as fee-for-service Medicaid or Medicaid managed care programs, arise from laws and regulations. AbbVie cannot predict if additional government initiatives to contain health care costs or other factors could lead to new or modified regulatory requirements that include higher or incremental rebates or discounts. Other rebate and discount programs arise from

contractual agreements with private payers. Various factors, including market factors and the ability of private payers to control patient access to products, may provide payers the leverage to negotiate higher or additional rebates or discounts that could have a material adverse effect on AbbVie's operations.

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

AbbVie's products are subject to rigorous regulation by numerous international, supranational, federal and state authorities, as described in Item 1, "Business—Regulation—Discovery and Clinical Development," "Business—Regulation—Commercialization, Distribution and Manufacturing," and "Business—Regulation—Medical Devices." The process of obtaining regulatory approvals to market a pharmaceutical product can be costly and time consuming, and approvals might not be granted for future products, or additional indications or uses of existing products, on a timely basis, if at all. Delays in the receipt of, or failure to obtain approvals for, future products, or new indications and uses, could result in delayed realization of product revenues, reduction in revenues and substantial additional costs.

In addition, AbbVie cannot guarantee that it will remain compliant with applicable regulatory requirements once approval has been obtained for a product. These requirements include, among other things, regulations regarding manufacturing practices, product labeling and advertising and post-marketing reporting, including adverse event reports and field alerts due to manufacturing quality concerns. AbbVie must incur expense and spend time and effort to ensure compliance with these complex regulations.

Possible regulatory actions could result in substantial modifications to AbbVie's business practices and operations; refunds, recalls or seizures of AbbVie's products; a total or partial shutdown of production in one or more of AbbVie's or its suppliers' facilities while AbbVie or its supplier remedies the alleged violation; the inability to obtain future approvals; and withdrawals or suspensions of current products from the market. Any of these events could disrupt AbbVie's business and have a material adverse effect on its business and results of operations.

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

The health care industry is subject to various federal, state and international laws and regulations pertaining to government benefit programs reimbursement, rebates, price reporting and regulation and health care fraud and abuse. In the United States, these laws include anti-kickback and false claims laws, the Medicaid Rebate Statute, the Veterans Health Care Act, the U.S. Physician Payments Sunshine Act, the TRICARE program, the government pricing rules applicable to the Medicaid, Medicare Part B, 340B Drug Pricing Program and individual state laws relating to pricing and sales and marketing practices. Violations of these laws may be punishable by criminal and/or civil sanctions, including, in some instances, substantial fines, imprisonment and exclusion from participation in federal and state health care programs, including Medicare, Medicaid and Veterans Administration health programs. These laws and regulations are broad in scope and they are subject to change and evolving interpretations, which could require AbbVie to incur substantial costs associated with compliance or to alter one or more of its sales or marketing practices. In addition, violations of these laws, or allegations of such violations, could disrupt AbbVie's business and result in a material adverse effect on its business and results of operations.

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

AbbVie's business is subject to risks associated with doing business internationally, including in emerging markets. Net revenues outside of the United States made up approximately 23% of AbbVie's total net revenues in 2021. The risks associated with AbbVie's operations outside the United States include:

- fluctuations in currency exchange rates;

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- changes in medical reimbursement policies and programs;
- multiple legal and regulatory requirements that are subject to change and that could restrict AbbVie's ability to manufacture, market and sell its products;
- differing local product preferences and product requirements;
- trade protection measures and import or export licensing requirements;
- international trade disruptions or disputes;
- difficulty in establishing, staffing and managing operations;
- differing labor regulations;
- potentially negative consequences from changes in or interpretations of tax laws;
- political and economic instability, including as a result of the United Kingdom's exit from the European Union and the COVID-19 pandemic;
- sovereign debt issues;
- price and currency exchange controls, limitations on participation in local enterprises, expropriation, nationalization and other governmental action and regulation;
- inflation, recession and fluctuations in interest rates;
- restrictions on transfers of funds;
- potential deterioration in the economic position and credit quality of certain non-U.S. countries; and
- potential penalties or other adverse consequences for violations of anti-corruption, anti-bribery and other similar laws and regulations, including the United States Foreign Corrupt Practices Act and the United Kingdom Bribery Act.

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

If AbbVie does not effectively and profitably commercialize its products, AbbVie's revenues and financial condition could be adversely affected.

AbbVie must effectively and profitably commercialize its principal products by creating and meeting continued market demand; achieving market acceptance and generating product sales; ensuring that the active pharmaceutical ingredient(s) for a product and the finished product are manufactured in sufficient quantities and in compliance with requirements of the FDA and similar foreign regulatory agencies and with acceptable quality and pricing to meet commercial demand; and ensuring that the entire supply chain efficiently and consistently delivers AbbVie's products to its customers. The commercialization of AbbVie products may not be successful due to, among other things, unexpected challenges from competitors, new safety issues or concerns being reported that may impact or narrow approved indications, the relative price of AbbVie's product as compared to alternative treatment options and changes to a product's label that further restrict its marketing. If the commercialization of AbbVie's principal products is unsuccessful, AbbVie's ability to generate revenue from product sales will be adversely affected.

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

AbbVie may pursue acquisitions, technology licensing arrangements, joint ventures and strategic alliances, or dispose of some of its assets, as part of its business strategy. AbbVie may not complete these transactions in a timely manner, on a cost-effective basis, or at all, and may not realize the expected benefits. If AbbVie is successful in making an acquisition, the products and technologies that are acquired may not be successful or may require significantly greater resources and investments than

originally anticipated. AbbVie may not be able to integrate acquisitions successfully into its existing business and could incur or assume significant debt and unknown or contingent liabilities. AbbVie could also experience negative effects on its reported results of operations from acquisition or disposition-related charges, amortization of expenses related to intangibles and charges for impairment of long-term assets. These effects could cause a deterioration of AbbVie's credit rating and result in increased borrowing costs and interest expense.

Additionally, changes in AbbVie's structure, operations, revenues, costs, or efficiency resulting from major transactions such as acquisitions, divestitures, mergers, alliances, joint ventures, restructurings or other strategic initiatives, may result in greater than expected costs, may take longer than expected to complete or encounter other difficulties, including the need for regulatory approval where appropriate.

AbbVie is dependent on wholesale distributors for distribution of its products in the United States and, accordingly, its results of operations could be adversely affected if they encounter financial difficulties.

In 2021, three wholesale distributors (McKesson Corporation, Cardinal Health, Inc. and AmerisourceBergen Corporation) accounted for substantially all of AbbVie's pharmaceutical product sales in the United States. If one of its significant wholesale distributors encounters financial or other difficulties, such distributor may decrease the amount of business that it does with AbbVie, and AbbVie may be unable to collect all the amounts that the distributor owes it on a timely basis or at all, which could negatively impact AbbVie's business and results of operations.

AbbVie has debt obligations that could adversely affect its business and its ability to meet its obligations.

The amount of debt that AbbVie has incurred and intends to incur could have important consequences to AbbVie and its investors. These consequences include, among other things, requiring a portion of AbbVie's cash flow from operations to make interest payments on this debt and reducing the cash flow available to fund capital expenditures and other corporate purposes and to grow AbbVie's business. In particular, AbbVie incurred significant debt in connection with its acquisition of Allergan. AbbVie's substantially increased indebtedness and higher debt to equity ratio as a result of the acquisition may exacerbate these risks and have the effect of, among other things, reducing its flexibility to respond to changing business and economic conditions and/or lowering its credit ratings. To the extent AbbVie incurs additional indebtedness or interest rates increase, these risks could increase further. In addition, AbbVie's cash flow from operations may not be sufficient to repay all of the outstanding debt as it becomes due, and AbbVie may not be able to borrow money, sell assets, or otherwise raise funds on acceptable terms, or at all, to refinance its debt.

AbbVie may need additional financing in the future to meet its capital needs or to make opportunistic acquisitions, and such financing may not be available on favorable terms, if at all.

AbbVie may need to seek additional financing for its general corporate purposes. For example, it may need to increase its investment in research and development activities or need funds to make acquisitions. AbbVie may be unable to obtain any desired additional financing on terms favorable to it, if at all. If AbbVie loses its investment grade credit rating or adequate funds are not available on acceptable terms, AbbVie may be unable to fund its expansion, successfully develop or enhance products, or respond to competitive pressures, any of which could negatively affect AbbVie's business. If AbbVie raises additional funds by issuing debt or entering into credit facilities, it may be subject to limitations on its operations due to restrictive covenants. Failure to comply with these covenants could adversely affect AbbVie's business.

AbbVie depends on information technology and a failure of those systems could have a material adverse effect on AbbVie's business.

AbbVie relies on sophisticated software applications and complex information technology systems to operate its business. These systems are potentially vulnerable to malicious intrusion, random attack,

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loss of data privacy, disruption, degradation or breakdown. Data privacy or security breaches by employees or others may in the future result in the failure of critical business operations. Such breaches may cause sensitive data, including intellectual property, trade secrets or personal information belonging to AbbVie, its patients, customers or business partners, to be exposed to unauthorized persons or to the public. To date, AbbVie's business or operations have not been materially impacted by such incidents. Although AbbVie has invested in the protection of its data and information technology and also monitors its systems on an ongoing basis, there can be no assurance that these efforts will prevent material breakdowns or breaches in AbbVie's information technology systems that could adversely affect AbbVie's business. Such adverse consequences could include loss of revenue, or the loss of critical or sensitive information from AbbVie's or third-party providers' databases or IT systems and could also result in legal, financial, reputational or business harm to AbbVie and potentially substantial remediation costs.

In connection with the acquisition of Allergan, AbbVie's balances of intangible assets, including developed product rights and goodwill acquired, have increased significantly. Such balances are subject to impairment testing and may result in impairment charges, which will adversely affect AbbVie's results of operations and financial condition.

A significant amount of AbbVie's total assets is related to acquired intangibles and goodwill. As of December 31, 2021, the carrying value of AbbVie's developed product rights and other intangible assets was $76.0 billion and the carrying value of AbbVie's goodwill was $32.4 billion.

AbbVie's developed product rights are stated at cost, less accumulated amortization. AbbVie determines original fair value and amortization periods for developed product rights based on its assessment of various factors impacting estimated useful lives and cash flows of the acquired products. Significant adverse changes to any of these factors require AbbVie to perform an impairment test on the affected asset and, if evidence of impairment exists, require AbbVie to take an impairment charge with respect to the asset. For assets that are not impaired, AbbVie may adjust the remaining useful lives. Such a charge could have a material adverse effect on AbbVie's results of operations and financial condition.

AbbVie's other significant intangible assets include in-process research and development (IPR&D) intangible projects, acquired in recent business combinations, which are indefinite-lived intangible assets.

Goodwill and AbbVie's IPR&D intangible assets are tested for impairment annually, or when events occur or circumstances change that could potentially reduce the fair value of the reporting unit or intangible asset. Impairment testing compares the fair value of the reporting unit or intangible asset to its carrying amount. A goodwill or IPR&D impairment, if any, would be recorded in operating income and could have a material adverse effect on AbbVie's results of operations and financial condition.

Failure to attract, develop and retain highly qualified personnel could affect AbbVie's ability to successfully develop and commercialize products.

AbbVie's success is largely dependent on its continued ability to attract, develop and retain diverse, highly qualified scientific, technical and management personnel, as well as personnel with expertise in clinical research and development (R&D), governmental regulation and commercialization. Competition for qualified personnel in the biopharmaceutical field is intense. AbbVie cannot be sure that it will be able to attract and retain quality personnel or that the costs of doing so will not materially increase.

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

Many other factors can affect AbbVie's results of operations, cash flows and financial condition, including:

- changes in or interpretations of laws and regulations, including changes in accounting standards, taxation requirements, product marketing application standards, data privacy laws, particularly in the European Union and the United States, and environmental laws;

- differences between the fair value measurement of assets and liabilities and their actual value, particularly for pension and post-employment benefits, stock-based compensation, intangibles and goodwill; and for contingent liabilities such as litigation and contingent consideration, the absence of a recorded amount, or an amount recorded at the minimum, compared to the actual amount;
- changes in the rate of inflation (including the cost of raw materials, commodities and supplies), interest rates, market value of AbbVie's equity investments and the performance of investments held by it or its employee benefit trusts;
- changes in the creditworthiness of counterparties that transact business with or provide services to AbbVie or its employee benefit trusts;
- environmental liabilities in connection with AbbVie's manufacturing processes and distribution logistics, including the handling of hazardous materials;
- changes in the ability of third parties that provide information technology, accounting, human resources, payroll and other outsourced services to AbbVie to meet their contractual obligations to AbbVie;
- business interruptions stemming from natural disasters, such as climate change, earthquakes, hurricanes, flooding, fires, or efforts taken by third parties to prevent or mitigate such disasters; and
- changes in business, economic and political conditions, including: war, political instability, terrorist attacks, the threat of future terrorist activity and related military action; natural disasters; the cost and availability of insurance due to any of the foregoing events; labor disputes, strikes, slow-downs, or other forms of labor or union activity; and pressure from third-party interest groups.

Risks Related to AbbVie's Common Stock

AbbVie cannot guarantee the timing, amount, or payment of dividends on its common stock.

Although AbbVie expects to pay regular cash dividends, the timing, declaration, amount and payment of future dividends to stockholders will fall within the discretion of AbbVie's board of directors. The board's decisions regarding the payment of dividends will depend on many factors, such as AbbVie's financial condition, earnings, capital requirements, debt service obligations, industry practice, legal requirements, regulatory constraints and other factors that the board deems relevant. For more information, see Item 5, "Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities." AbbVie's ability to pay dividends will depend on its ongoing ability to generate cash from operations and access capital markets. AbbVie cannot guarantee that it will continue to pay a dividend in the future.

An AbbVie stockholder's percentage of ownership in AbbVie may be diluted in the future.

In the future, a stockholder's percentage ownership in AbbVie may be diluted because of equity issuances for capital market transactions, equity awards that AbbVie will be granting to AbbVie's directors, officers and employees, acquisitions or other purposes. AbbVie's employees have options to purchase shares of its common stock as a result of conversion of their Abbott stock options (in whole or in part) to AbbVie stock options. AbbVie anticipates its compensation committee will grant additional stock options or other stock-based awards to its employees. Such awards will have a dilutive effect on AbbVie's earnings per share, which could adversely affect the market price of AbbVie's common stock. From time to time, AbbVie will issue additional options or other stock-based awards to its employees under AbbVie's employee benefits plans.

In addition, AbbVie's amended and restated certificate of incorporation authorizes AbbVie to issue, without the approval of AbbVie's stockholders, one or more classes or series of preferred stock having such designation, powers, preferences and relative, participating, optional and other special rights, including preferences over AbbVie's common stock respecting dividends and distributions, as AbbVie's board of directors generally may determine. The terms of one or more classes or series of preferred

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stock could dilute the voting power or reduce the value of AbbVie's common stock. For example, AbbVie could grant the holders of preferred stock the right to elect some number of AbbVie's directors in all events or on the happening of specified events or the right to veto specified transactions. Similarly, the repurchase or redemption rights or liquidation preferences AbbVie could assign to holders of preferred stock could affect the residual value of the common stock.

Certain provisions in AbbVie's amended and restated certificate of incorporation and amended and restated by-laws, and of Delaware law, may prevent or delay an acquisition of AbbVie, which could decrease the trading price of AbbVie's common stock.

AbbVie's amended and restated certificate of incorporation and amended and restated by-laws contain, and Delaware law contains, provisions that are intended to deter coercive takeover practices and inadequate takeover bids by encouraging prospective acquirors to negotiate with AbbVie's board of directors rather than to attempt a hostile takeover. These provisions include, among others:

- the inability of AbbVie's stockholders to call a special meeting;
- the division of AbbVie's board of directors into three classes of directors, with each class serving a staggered three-year term;
- a provision that stockholders may only remove directors for cause;
- the ability of AbbVie's directors, and not stockholders, to fill vacancies on AbbVie's board of directors; and
- the requirement that the affirmative vote of stockholders holding at least 80% of AbbVie's voting stock is required to amend certain provisions in AbbVie's amended and restated certificate of incorporation and AbbVie's amended and restated by-laws relating to the number, term and election of AbbVie's directors, the filling of board vacancies, the calling of special meetings of stockholders and director and officer indemnification provisions.

In addition, Section 203 of the Delaware General Corporation Law provides that, subject to limited exceptions, persons that acquire, or are affiliated with a person that acquires, more than 15% of the outstanding voting stock of a Delaware corporation shall not engage in any business combination with that corporation, including by merger, consolidation or acquisitions of additional shares, for a three-year period following the date on which that person or its affiliates becomes the holder of more than 15% of the corporation's outstanding voting stock.

AbbVie believes these provisions protect its stockholders from coercive or otherwise unfair takeover tactics by requiring potential acquirors to negotiate with AbbVie's board of directors and by providing AbbVie's board of directors with more time to assess any acquisition proposal. These provisions are not intended to make the company immune from takeovers. However, these provisions apply even if the offer may be considered beneficial by some stockholders and could delay or prevent an acquisition that AbbVie's board of directors determines is not in the best interests of AbbVie and AbbVie's stockholders. These provisions may also prevent or discourage attempts to remove and replace incumbent directors.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains certain forward looking statements regarding business strategies, market potential, future financial performance and other matters. The words "believe," "expect," "anticipate," "project" and similar expressions, among others, generally identify "forward looking statements," which speak only as of the date the statements were made. The matters discussed in these forward looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from those projected, anticipated or implied in the forward looking statements. In particular, information included under Item 1, "Business," Item 1A, "Risk Factors," and Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" contain forward looking statements. Where, in any forward looking statement, an expectation or belief as to future results or events is expressed, such expectation or belief is based on the current plans and expectations of AbbVie management and expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the expectation or belief will result or be achieved or accomplished. Factors that could cause actual results or events to differ materially from those anticipated include the matters described under Item 1A, "Risk Factors" and Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations." AbbVie does not undertake any obligation to update the forward-looking statements included in this Annual Report on Form 10-K to reflect events or circumstances after the date hereof, unless AbbVie is required by applicable securities law to do so.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

AbbVie's corporate offices are located at 1 North Waukegan Road, North Chicago, Illinois 60064-6400. As of December 31, 2021, AbbVie owns or leases approximately 645 facilities worldwide, containing an aggregate of approximately 20 million square feet of floor space dedicated to production, distribution, and administration. AbbVie's significant manufacturing facilities are in the following locations:

United States	Outside the United States
Abbott Park, Illinois*	Campoverde di Aprilia, Italy
Barceloneta, Puerto Rico	Clonshaugh, Ireland
Branchburg, New Jersey*	La Aurora, Costa Rica
Campbell, California	Ludwigshafen, Germany
Cincinnati, Ohio	Pringy, France
Dublin, California*	Singapore*
Irvine, California	Sligo, Ireland
North Chicago, Illinois	Westport, Ireland*
Waco, Texas	
Worcester, Massachusetts*	
Wyandotte, Michigan*	

* Leased property.

AbbVie believes its facilities are suitable and provide adequate production capacity for its current and projected operations. There are no material encumbrances on AbbVie's owned properties.

In the United States, including Puerto Rico, AbbVie has two central distribution centers. AbbVie also has research and development facilities in the United States located at: Abbott Park, Illinois; Branchburg, New Jersey; Cambridge, Massachusetts; Irvine, California; Madison, New Jersey; North Chicago, Illinois; Pleasanton, California; Santa Cruz, California; South San Francisco, California; and Worcester,

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Massachusetts. Outside the United States, AbbVie's principal research and development facilities are located in Ludwigshafen, Germany.

ITEM 3. LEGAL PROCEEDINGS

Information pertaining to legal proceedings is provided in Note 15, "Legal Proceedings and Contingencies" to the Consolidated Financial Statements included under Item 8, "Financial Statements and Supplementary Data," and is incorporated by reference herein.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

INFORMATION ABOUT OUR EXECUTIVE OFFICERS

The following table lists AbbVie's executive officers:

Name	Age	Position
Richard A. Gonzalez	68	Chairman of the Board and Chief Executive Officer
Robert A. Michael	51	Vice Chairman, Finance and Commercial Operations and Chief Financial Officer
Laura J. Schumacher	58	Vice Chairman, External Affairs and Chief Legal Officer
Michael E. Severino, M.D.	56	Vice Chairman and President
Henry O. Gosebruch	49	Executive Vice President, Chief Strategy Officer
Timothy J. Richmond	55	Executive Vice President, Chief Human Resources Officer
Azita Saleki-Gerhardt, Ph.D.	58	Executive Vice President, Operations
Jeffrey R. Stewart	53	Executive Vice President, Chief Commercial Officer
Thomas J. Hudson, M.D.	60	Senior Vice President, Research & Development and Chief Scientific Officer
Elaine K. Sorg	55	Senior Vice President, U.S. Commercial Operations
Carrie Strom	44	Senior Vice President, AbbVie and President, Global Allergan Aesthetics
Brian L. Durkin	61	Vice President, Controller

Mr. Gonzalez is the Chairman and Chief Executive Officer of AbbVie. He served as Abbott's Executive Vice President of the Pharmaceutical Products Group from July 2010 to December 2012, and was responsible for Abbott's worldwide pharmaceutical business, including commercial operations, research and development, and manufacturing. He also served as President, Abbott Ventures Inc., Abbott's medical technology investment arm, from 2009 to 2011. Mr. Gonzalez joined Abbott in 1977 and held various management positions. He was first appointed as an AbbVie corporate officer in December 2012.

Mr. Michael is AbbVie's Vice Chairman, Finance and Commercial Operations and Chief Financial Officer. Mr. Michael previously served as Executive Vice President, Chief Financial Officer from 2019 to 2021, as Senior Vice President, Chief Financial Officer from 2018 to 2019, and as Vice President, Controller from 2017 to 2018. He served as AbbVie's Vice President, Treasurer from 2015 to 2016, as Vice President, Controller, Commercial Operations from 2013 to 2015 and Vice President, Financial Planning and Analysis from 2012 to 2013. At Abbott, Mr. Michael served as Division Controller, Nutrition Supply Chain from 2010 to 2012. Mr. Michael joined Abbott in 1993 and was first appointed as an AbbVie corporate officer in December 2015.

Ms. Schumacher is AbbVie's Vice Chairman, External Affairs and Chief Legal Officer, responsible for global legal, health economics outcomes research, corporate responsibility, brand and communications and government affairs. Prior to her current appointment in 2018, she served as AbbVie's Executive Vice President, External Affairs, General Counsel and Corporate Secretary. Prior to AbbVie's separation from Abbott, Ms. Schumacher served as Executive Vice President, General Counsel from 2007 to 2012. Both at Abbott and AbbVie, Ms. Schumacher also led Business Development and Ventures and Early Stage Collaborations. Ms. Schumacher was first appointed as an AbbVie corporate officer in December 2012. She serves on the board of General Dynamics Corporation and CrowdStrike Holdings, Inc.

Dr. Severino is AbbVie's Vice Chairman and President, responsible for research and development and the corporate strategy office. He served as Executive Vice President, Research and Development and Chief Scientific Officer from 2014 to 2018. Dr. Severino served at Amgen Inc. as Senior Vice President, Global Development and Corporate Chief Medical Officer from 2012 to 2014, as Vice President, Global Development from 2010 to 2012 and as Vice President, Therapeutic Area Head, General Medicine and Inflammation Global Clinical Development from 2007 to 2012. He joined AbbVie in 2014 and was first appointed as an AbbVie corporate officer in June 2014. Dr. Severino also serves on the board of Avantor, Inc.

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Mr. Gosebruch is AbbVie's Executive Vice President, Chief Strategy Officer. He worked for more than 20 years in the Mergers & Acquisitions Group at J.P. Morgan Securities LLC, serving as Managing Director since 2007 and as Co-Head of M&A North America during 2015. Mr. Gosebruch joined AbbVie in 2015 and was first appointed as an AbbVie corporate officer in December 2015. He serves on the board of Aptinyx Inc.

Mr. Richmond is AbbVie's Executive Vice President, Chief Human Resources Officer. He served as Senior Vice President, Human Resources from 2013 to 2018. Mr. Richmond served as Abbott's Divisional Vice President of Compensation & Benefits from 2008 to 2012, as Group Vice President of Talent and Rewards from 2007 to 2008, and as Divisional Vice President of Talent Acquisition from 2006 to 2007. Mr. Richmond joined Abbott in 2006 and was first appointed as an AbbVie corporate officer in December 2012.

Dr. Saleki-Gerhardt is AbbVie's Executive Vice President, Operations. She served as Senior Vice President, Operations from 2013 to 2018. Dr. Saleki-Gerhardt served as Abbott's Vice President, Pharmaceuticals Manufacturing and Supply from 2011 to 2012, and as Divisional Vice President, Quality Assurance, Global Pharmaceutical Operations from 2008 to 2011. Dr. Saleki-Gerhardt joined Abbott in 1993 and was first appointed as an AbbVie corporate officer in December 2012. She serves on the board of Entegris Inc.

Mr. Stewart is AbbVie's Executive Vice President, Chief Commercial Officer. He previously served as Senior Vice President, U.S. Commercial Operations from 2018 to 2020 and as AbbVie's President, Commercial Operations from 2013 to 2018. Prior to AbbVie's separation from Abbott, he served as Vice President, Abbott Proprietary Pharmaceutical Division, United States. Mr. Stewart joined Abbott in 1992 and was first appointed as an AbbVie corporate officer in December 2018.

Dr. Hudson is AbbVie's Senior Vice President, Research & Development and Chief Scientific Officer. He previously served as Vice President, Head of Oncology Discovery and Early Development from 2016 to 2019. Prior to joining AbbVie, Dr. Hudson served at the Ontario Institute for Cancer Research as President and Scientific Director. He also previously served as Founder and Director of the McGill University and Genome Quebec Innovation Centre and Assistant Director of the Whitehead/MIT Center for Genome Research. Dr. Hudson was first appointed as an AbbVie corporate officer in July 2019.

Ms. Sorg is AbbVie's Senior Vice President, U.S. Commercial Operations. She previously served as AbbVie's President, U.S. Immunology and Patient Services from 2019 to 2020 and as Vice President, Immunology and Oncology from 2016 to 2018. She served as Vice President, Immunology prior to AbbVie's separation from Abbott and until 2016 at AbbVie. Ms. Sorg joined Abbott in 2012 and was first appointed as an AbbVie corporate officer in November 2020. Prior to joining Abbott, Ms. Sorg served in management roles at Eli Lilly and Company for 23 years.

Ms. Strom is AbbVie's Senior Vice President, AbbVie, and President, Global Allergan Aesthetics, responsible for the worldwide operations of the aesthetics franchise. She was appointed to the position upon AbbVie's acquisition of Allergan in 2020 and was first appointed as an AbbVie corporate officer in May 2020. At Allergan, Ms. Strom previously served as Senior Vice President, U.S. Medical Aesthetics from 2018 to 2020. She joined Allergan in 2011.

Mr. Durkin is AbbVie's Vice President, Controller. Mr. Durkin previously served as Vice President, Internal Audit from 2016 to 2018. Prior to joining AbbVie, he served as Vice President of Finance and Division Controller for Abbott's Vision Care business from 2009 to 2016 and Controller Pharmaceutical Research and Development from 2005 to 2009. Mr. Durkin joined Abbott in 1986 and was first appointed as an AbbVie corporate officer in October 2018.

The executive officers of AbbVie are elected annually by the board of directors. All other officers are elected by the board or appointed by the Chairman of the Board. All officers are either elected at the first meeting of the board of directors held after the annual stockholder meeting or appointed by the Chairman of the Board after that board meeting. Each officer holds office until a successor has been duly elected or appointed and qualified or until the officer's death, resignation, or removal. There are no family relationships between any of the executive officers listed above.

PART II

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

Principal Market

The principal market for AbbVie's common stock is the New York Stock Exchange (Symbol: ABBV). AbbVie's common stock is also listed on the Chicago Stock Exchange and traded on various regional and electronic exchanges.

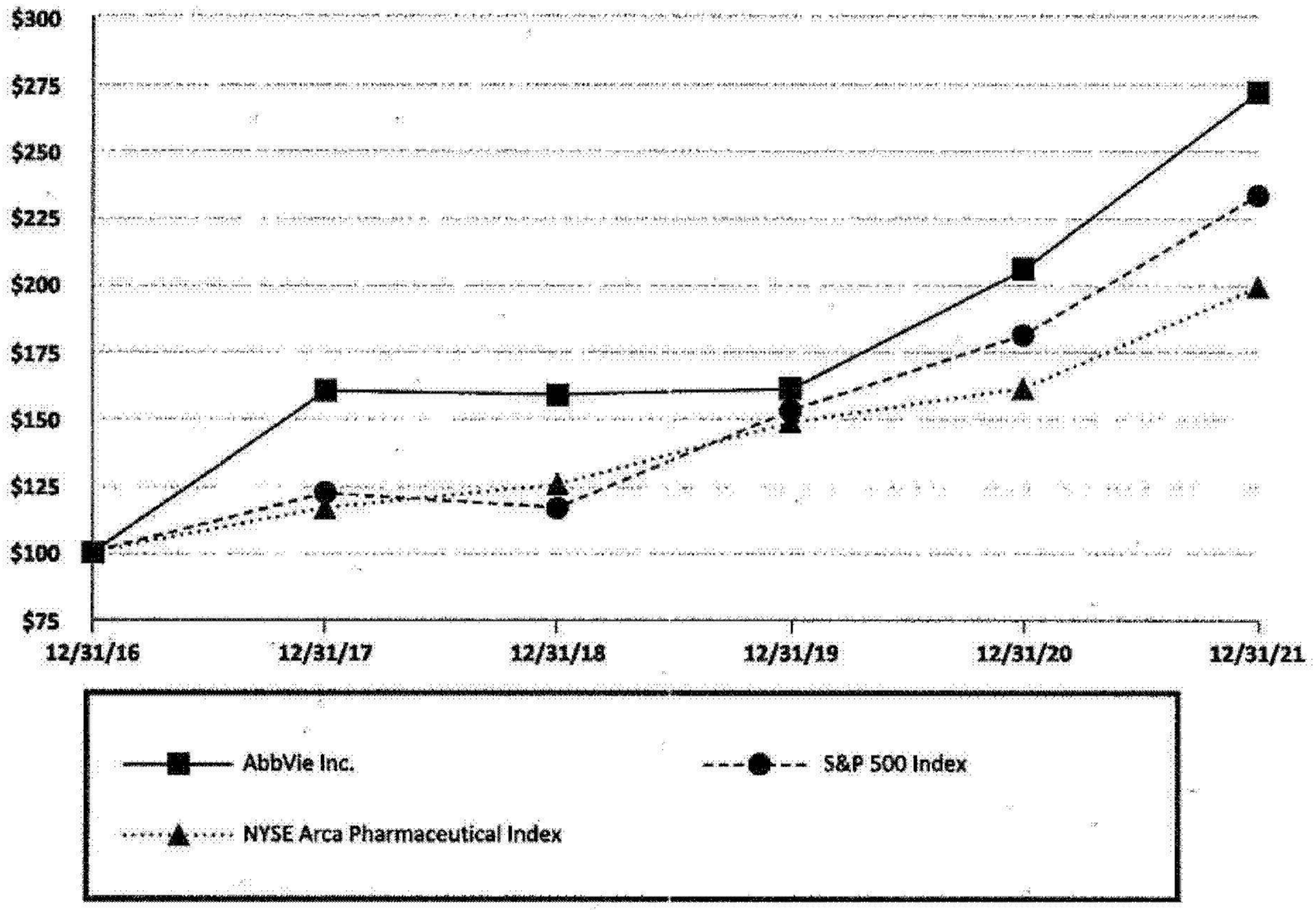
Stockholders

There were 46,139 stockholders of record of AbbVie common stock as of January 31, 2022.

Performance Graph

The following graph compares the cumulative total returns of AbbVie, the S&P 500 Index and the NYSE Arca Pharmaceuticals Index for the period from December 31, 2016 through December 31, 2021. This graph assumes $100 was invested in AbbVie common stock and each index on December 31, 2016 and also assumes the reinvestment of dividends. The stock price performance on the following graph is not necessarily indicative of future stock price performance.

COMPARISON OF CUMULATIVE TOTAL RETURN



This performance graph is furnished and shall not be deemed "filed" with the SEC or subject to Section 18 of the Securities Exchange Act of 1934, nor shall it be deemed incorporated by reference in any of AbbVie's filings under the Securities Act of 1933, as amended.

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Dividends

On October 29, 2021, AbbVie's board of directors declared an increase in the quarterly cash dividend from $1.30 per share to $1.41 per share, payable on February 15, 2022 to stockholders of record as of January 14, 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. Moreover, if AbbVie determines to pay any dividend in the future, there can be no assurance that it will continue to pay such dividends or the amount of such dividends.

Issuer Purchases of Equity Securities

Period	(a) Total Number of Shares (or Units) Purchased	(b) Average Price Paid per Share (or Unit)	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
October 1, 2021 – October 31, 2021	3,808[1]	$108.90[1]	—	$2,643,316,927
November 1, 2021 – November 30, 2021	845[1]	$116.08[1]	—	$2,643,316,927
December 1, 2021 – December 31, 2021	904,176[1]	$136.23[1]	879,703	$2,523,316,993
Total	908,829[1]	$136.10[1]	879,703	$2,523,316,993

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 — 3,808 in October; 845 in November; and 24,473 in December.

   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. [RESERVED]

ITEM 7. 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). This commentary should be read in conjunction with the Consolidated Financial Statements and accompanying notes appearing in Item 8, "Financial Statements and Supplementary Data." This section of this Form 10-K generally discusses 2021 and 2020 items and year-to-year comparisons between 2021 and 2020. Discussions of 2019 items and year-to-year comparisons between 2020 and 2019 that are not included in this Form 10-K can be found in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II, Item 7 of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2020.

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, hematologic oncology, neuroscience, aesthetics 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.

2021 Financial Results

AbbVie's strategy has focused on delivering strong financial results, maximizing the benefits of the Allergan acquisition, advancing and investing in its pipeline and returning value to shareholders while ensuring a strong, sustainable growth business over the long term. The company's financial performance in 2021 included delivering worldwide net revenues of $56.2 billion, operating earnings of $17.9 billion, diluted earnings per share of $6.45 and cash flows from operations of $22.8 billion. Worldwide net revenues increased by 23% on a reported basis and 22% on a constant currency basis, reflecting growth across its immunology, hematologic oncology, neuroscience, aesthetics and eye care portfolios as well as a full period of Allergan results in 2021 compared to the prior year.

Diluted earnings per share in 2021 was $6.45 and included the following after-tax costs: (i) $6.4 billion related to the amortization of intangible assets; (ii) $2.7 billion for the change in fair value of contingent consideration liabilities; (iii) $948 million for acquired in-process research and development (IPR&D); (iv) $500 million as a result of a collaboration agreement extension with Calico Life Sciences LLC; (v) $307 million for milestones and other research and development (R&D) expenses; (vi) $253 million for charges related to litigation matters; and (vii) $215 million of acquisition and integration expenses. These costs were partially offset by $265 million of certain tax benefits. Additionally, financial results reflected continued funding to support all stages of AbbVie's pipeline assets and continued investment in AbbVie's on-market brands.

In October 2021, AbbVie's board of directors declared a quarterly cash dividend of $1.41 per share of common stock payable in February 2022. This reflects an increase of approximately 8.5% over the previous quarterly dividend of $1.30 per share of common stock.

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.

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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.

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 availability and successful administration of effective vaccines.

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.

AbbVie expects to achieve its strategic objectives through:

- Immunology revenue growth driven by increasing market share and indication expansion of Skyrizi and Rinvoq, as well as Humira U.S. sales growth.
- Hematologic oncology revenue growth driven by increasing market share and indication expansion of Venclexta, as well as maintaining the strong leadership position of Imbruvica.
- Aesthetics revenue growth driven by global expansion and increasing market penetration of Botox and Juvederm Collection.
- Neuroscience revenue growth driven by Vraylar, Botox Therapeutic, Ubrelvy and recently launched Qulipta.
- Sustaining eye care leadership by maximizing AbbVie's current eye care portfolio.
- The favorable impact of pipeline products and indications recently approved or currently under regulatory review where approval is expected in 2022. These products are described in greater detail in the section labeled "Research and Development" included as part of this Item 7.

AbbVie remains committed to driving continued expansion of operating margins and expects to achieve this objective through continued realization of expense synergies from the Allergan acquisition,

leverage from revenue growth, productivity initiatives in supply chain and ongoing efficiency programs to optimize manufacturing, commercial infrastructure, administrative costs and general corporate expenses.

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 90 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 50 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 2021, AbbVie announced top-line results from its Phase 3 KEEPsAKE-1 and KEEPsAKE-2 clinical trials of Skyrizi in adults with active psoriatic arthritis (PsA) met the primary and ranked secondary endpoints.
- In January 2021, AbbVie announced top-line results from its Phase 3 ADVANCE and MOTIVATE induction studies of Skyrizi in patients with Crohn's disease met the primary and key secondary endpoints.
- In April 2021, AbbVie received U.S. Food and Drug Administration (FDA) approval of Skyrizi in a single dose pre-filled syringe and pre-filled pen. This approval will reduce the number of injections administered per treatment.
- In June 2021, AbbVie announced top-line results from its Phase 3 FORTIFY study for Skyrizi in patients with moderate to severe Crohn's disease met the co-primary endpoints.
- In September 2021, AbbVie submitted a supplemental New Drug Application (sNDA) to the FDA for Skyrizi for the treatment of patients 16 years and older with moderate to severe Crohn's disease.
- In November 2021, AbbVie submitted a marketing authorization application (MAA) to the European Medicines Agency (EMA) for Skyrizi for the treatment of patients 16 years or older with moderate to severe active Crohn's disease who have had inadequate response, lost response or were intolerant to conventional or biologic therapy.
- In November 2021, AbbVie announced that the European Commission (EC) approved Skyrizi alone or in combination with methotrexate for the treatment of active PsA in adults who have had an inadequate response or who have been intolerant to one or more disease-modifying antirheumatic drugs.
- In January 2022, AbbVie announced that the FDA approved Skyrizi for the treatment of adults with active PsA.

Rinvoq

- In January 2021, AbbVie announced that the EC approved Rinvoq for the treatment of adults with active PsA and ankylosing spondylitis (AS).

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- In February 2021, AbbVie announced its Phase 3 U-ACCOMPLISH induction study of Rinvoq for the treatment of adult patients with moderate to severe ulcerative colitis (UC) met the primary and all ranked secondary endpoints.
- In June 2021, AbbVie announced the FDA will not meet the Prescription Drug User Fee Act action dates for the sNDA of Rinvoq for the treatment of adults with active AS. No formal regulatory action has been taken on the sNDA for Rinvoq in AS.
- In June 2021, AbbVie announced the results from its Phase 3 maintenance study of Rinvoq in patients with UC met the primary and all secondary endpoints.
- In August 2021, AbbVie announced that the EC approved Rinvoq for the treatment of moderate to severe atopic dermatitis (AD) in adults and adolescents 12 years and older who are candidates for systemic therapy.
- In September 2021, AbbVie submitted an sNDA to the FDA and an MAA to the EMA for Rinvoq for the treatment of adults with moderately to severely active UC.
- In October 2021, AbbVie announced the results from Study 1 of the Phase 3 SELECT-AXIS 2 clinical trial for Rinvoq in patients with active AS and inadequate response to biologic disease-modifying antirheumatic drugs met the primary and all ranked secondary endpoints.
- In October 2021, AbbVie announced the results from Study 2 of the Phase 3 SELECT-AXIS 2 clinical trial for Rinvoq in adults with non-radiographic axial spondyloarthritis met the primary and 12 of 14 ranked secondary endpoints.
- In December 2021, AbbVie announced top-line results from its Phase 3 U-EXCEED induction study for Rinvoq in patients with moderate to severe Crohn's disease who had an inadequate response or were intolerant to biologic therapy met the primary and key secondary endpoints.
- In December 2021, AbbVie announced an update to the U.S. Prescribing Information and Medication Guide for Rinvoq for the treatment of adults with moderate to severe rheumatoid arthritis (RA). This update follows a Drug Safety Communication (DSC) issued by the FDA in September 2021 based on its final review of the post-marketing study evaluating another JAK inhibitor (tofacitinib) in patients with RA. The DSC and this label update apply to the class of systematically administered FDA-approved JAK inhibitors for the treatment of RA and other inflammatory diseases. Based on this class-wide update, the U.S. label for Rinvoq will now include additional information about risks within the Boxed Warnings and Warnings Precautions sections. The indication has also been updated to be indicated for the treatment of adults with moderately to severely active RA who have had an inadequate response or intolerance to one or more tumor necrosis factor (TNF) blockers.
- In December 2021, AbbVie announced that the FDA approved Rinvoq for the treatment of adults with active PsA who have had an inadequate response or intolerance to one or more TNF blockers.
- In January 2022, AbbVie announced its submission of an sNDA to the FDA and an MAA to the EMA for Rinvoq for the treatment of adults with active nr-axSpA with objective signs of inflammation who have responded inadequately to nonsteroidal anti-inflammatory drugs.
- In January 2022, AbbVie announced that the FDA approved Rinvoq for the treatment of moderate to severe AD 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 EC is requesting the 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. The request is for an opinion from the EMA by September 30, 2022.

Oncology

Imbruvica

- In June 2021, AbbVie announced results from its Phase 3 GLOW study comparing the efficacy and safety of Imbruvica in combination with Venclexta versus chlorambucil plus obinutuzumab for first-line treatment in patients with chronic lymphocytic leukemia (CLL) or small lymphocytic lymphoma met its primary endpoint.

Venclexta

- In May 2021, AbbVie received European Commission approval for Venclyxto in combination with a hypomethylating agent for patients with newly diagnosed acute myeloid leukemia (AML) who are ineligible for intensive chemotherapy.
- In July 2021, AbbVie announced that the FDA granted Breakthrough Therapy Designation to Venclexta in combination with azacitidine for the potential treatment of adult patients with previously untreated intermediate-, high- and very high-risk myelodysplastic syndromes.

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.

Neuroscience

Botox Therapeutic

- In February 2021, AbbVie received FDA approval of Botox for the treatment of detrusor overactivity associated with a neurological condition in certain pediatric patients 5 years of age and older.

Qulipta

- In September 2021, AbbVie announced that the FDA approved Qulipta (atogepant) for the preventive treatment of episodic migraine in adults.

Vraylar

- In October 2021, AbbVie announced top-line results from two Phase 3 clinical trials, Study 3111-301-001 and Study 3111-302-001, evaluating the efficacy and safety of cariprazine (Vraylar) as an adjunctive treatment for patients with major depressive disorder (MDD). In Study 3111-301-001, Vraylar met its primary endpoint demonstrating statistically significant change from baseline to week six in the Montgomery-Åsberg Depression Rating Scale (MADRS) total score compared with placebo in patients with MDD. In Study 3111-302-001, Vraylar demonstrated numerical improvement in depressive symptoms from baseline to week six in MADRS total score compared with placebo but did not achieve statistical significance. Safety data were consistent with the established safety profile of Vraylar across indications with no new safety signals identified.

ABBV-951

- In October 2021, AbbVie announced that results from its pivotal Phase 3 M15-736 study of ABBV-951 (foslevodopa/foscarbidopa) in patients with advanced Parkinson's disease met its primary endpoint in a 12-week study.

Eye Care

Vuity

- In October 2021, AbbVie announced that the FDA approved Vuity (pilocarpine HCl ophthalmic solution) for the treatment of presbyopia.

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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.

				Percent change			
				At actual currency rates		At constant currency rates	
years ended (dollars in millions)	2021	2020	2019	2021	2020	2021	2020
United States	$43,510	$34,879	$23,907	24.7%	45.9%	24.7%	45.9%
International	12,687	10,925	9,359	16.1%	16.7%	12.6%	17.8%
Net revenues	$56,197	$45,804	$33,266	22.7%	37.7%	21.9%	38.0%

The following table details AbbVie's worldwide net revenues:

					Percent change			
					At actual currency rates		At constant currency rates	
years ended December 31 (dollars in millions)		2021	2020	2019	2021	2020	2021	2020
Immunology								
Humira	United States	$17,330	$16,112	$14,864	7.6%	8.4%	7.6%	8.4%
	International	3,364	3,720	4,305	(9.6)%	(13.6)%	(12.8)%	(12.5)%
	Total	$20,694	$19,832	$19,169	4.3%	3.5%	3.7%	3.7%
Skyrizi	United States	$ 2,486	$ 1,385	$ 311	79.6%	>100.0%	79.6%	>100.0%
	International	453	205	44	>100.0%	>100.0%	>100.0%	>100.0%
	Total	$ 2,939	$ 1,590	$ 355	84.9%	>100.0%	84.0%	>100.0%
Rinvoq	United States	$ 1,271	$ 653	$ 47	94.8%	>100.0%	94.8%	>100.0%
	International	380	78	—	>100.0%	>100.0%	>100.0%	>100.0%
	Total	$ 1,651	$ 731	$ 47	>100.0%	>100.0%	>100.0%	>100.0%
Hematologic Oncology								
Imbruvica	United States	$ 4,321	$ 4,305	$ 3,830	0.4%	12.4%	0.4%	12.4%
	Collaboration revenues	1,087	1,009	844	7.7%	19.5%	7.7%	19.5%
	Total	$ 5,408	$ 5,314	$ 4,674	1.8%	13.7%	1.8%	13.7%
Venclexta	United States	$ 934	$ 804	$ 521	16.1%	54.4%	16.1%	54.4%
	International	886	533	271	66.2%	97.0%	60.9%	97.8%
	Total	$ 1,820	$ 1,337	$ 792	36.1%	69.0%	34.0%	69.3%
Aesthetics								
Botox Cosmetic[a]	United States	$ 1,424	$ 687	$ —	>100.0%	n/m	>100.0%	n/m
	International	808	425	—	90.0%	n/m	83.9%	n/m
	Total	$ 2,232	$ 1,112	$ —	>100.0%	n/m	98.4%	n/m
Juvederm Collection[a]	United States	$ 658	$ 318	$ —	>100.0%	n/m	>100.0%	n/m
	International	877	400	—	>100.0%	n/m	>100.0%	n/m
	Total	$ 1,535	$ 718	$ —	>100.0%	n/m	>100.0%	n/m
Other Aesthetics[a]	United States	$ 1,268	$ 666	$ —	90.2%	n/m	90.2%	n/m
	International	198	94	—	>100.0%	n/m	>100.0%	n/m
	Total	$ 1,466	$ 760	$ —	93.0%	n/m	91.9%	n/m
Neuroscience								
Botox Therapeutic[a]	United States	$ 2,012	$ 1,155	$ —	74.3%	n/m	74.3%	n/m
	International	439	232	—	89.0%	n/m	78.8%	n/m
	Total	$ 2,451	$ 1,387	$ —	76.7%	n/m	75.0%	n/m
Vraylar[a]	United States	$ 1,728	$ 951	$ —	81.7%	n/m	81.7%	n/m

years ended December 31 (dollars in millions)		2021	2020	2019	Percent change: At actual currency rates 2021	Percent change: At actual currency rates 2020	Percent change: At constant currency rates 2021	Percent change: At constant currency rates 2020
Duodopa	United States	$ 102	$ 103	$ 97	(1.0)%	5.9%	(1.0)%	5.9%
	International	409	391	364	4.6%	7.4%	(0.1)%	6.3%
	Total	$ 511	$ 494	$ 461	3.4%	7.1%	(0.3)%	6.2%
Ubrelvy[a]	United States	$ 552	$ 125	$ —	>100.0%	n/m	>100.0%	n/m
Other Neuroscience[a]	United States	$ 667	$ 528	$ —	26.3%	n/m	26.3%	n/m
	International	18	11	—	77.4%	n/m	64.7%	n/m
	Total	$ 685	$ 539	$ —	27.2%	n/m	27.0%	n/m
Eye Care								
Lumigan/Ganfort[a]	United States	$ 273	$ 165	$ —	64.7%	n/m	64.7%	n/m
	International	306	213	—	44.1%	n/m	38.1%	n/m
	Total	$ 579	$ 378	$ —	53.1%	n/m	49.7%	n/m
Alphagan/Combigan[a]	United States	$ 373	$ 223	$ —	66.5%	n/m	66.5%	n/m
	International	156	103	—	52.5%	n/m	50.6%	n/m
	Total	$ 529	$ 326	$ —	62.1%	n/m	61.5%	n/m
Restasis[a]	United States	$ 1,234	$ 755	$ —	63.3%	n/m	63.3%	n/m
	International	56	32	—	75.3%	n/m	80.1%	n/m
	Total	$ 1,290	$ 787	$ —	63.8%	n/m	64.0%	n/m
Other Eye Care[a]	United States	$ 523	$ 305	$ —	72.7%	n/m	72.7%	n/m
	International	646	388	—	66.1%	n/m	61.0%	n/m
	Total	$ 1,169	$ 693	$ —	69.0%	n/m	66.1%	n/m
Women's Health								
Lo Loestrin[a]	United States	$ 423	$ 346	$ —	21.9%	n/m	21.9%	n/m
	International	14	10	—	43.3%	n/m	33.0%	n/m
	Total	$ 437	$ 356	$ —	22.5%	n/m	22.2%	n/m
Orilissa/Oriahnn	United States	$ 139	$ 121	$ 91	15.4%	33.3%	15.4%	33.3%
	International	6	4	2	57.7%	96.1%	47.6%	97.7%
	Total	$ 145	$ 125	$ 93	16.7%	34.6%	16.4%	34.6%
Other Women's Health[a]	United States	$ 209	$ 181	$ —	16.2%	n/m	16.2%	n/m
	International	5	11	—	(57.5)%	n/m	(61.5)%	n/m
	Total	$ 214	$ 192	$ —	11.7%	n/m	11.5%	n/m
Other Key Products								
Mavyret	United States	$ 754	$ 785	$ 1,473	(4.0)%	(46.7)%	(4.0)%	(46.7)%
	International	956	1,045	1,420	(8.5)%	(26.4)%	(10.8)%	(26.8)%
	Total	$ 1,710	$ 1,830	$ 2,893	(6.5)%	(36.7)%	(7.8)%	(36.9)%
Creon	United States	$ 1,191	$ 1,114	$ 1,041	6.9%	6.9%	6.9%	6.9%
Lupron	United States	$ 604	$ 600	$ 720	0.5%	(16.6)%	0.5%	(16.6)%
	International	179	152	167	18.0%	(9.1)%	15.0%	(5.4)%
	Total	$ 783	$ 752	$ 887	4.0%	(15.2)%	3.4%	(14.5)%
Linzess/Constella[a]	United States	$ 1,006	$ 649	$ —	55.1%	n/m	55.1%	n/m
	International	32	18	—	77.3%	n/m	66.4%	n/m
	Total	$ 1,038	$ 667	$ —	55.7%	n/m	55.4%	n/m
Synthroid	United States	$ 767	$ 771	$ 786	(0.6)%	(1.9)%	(0.6)%	(1.9)%
All other		$ 2,673	$ 2,923	$ 2,068	(8.6)%	41.3%	(9.7)%	42.4%
Total net revenues		$56,197	$45,804	$33,266	22.7%	37.7%	21.9%	38.0%

n/m—Not meaningful

(a) Net revenues include Allergan product revenues after the acquisition closing date of May 8, 2020.

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

Global Humira sales increased 4% in 2021 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 8% in 2021 driven by market growth across all indications. This increase was partially offset by slightly lower market share following corresponding market share gains of Skyrizi and Rinvoq. Internationally, Humira revenues decreased 13% in 2021 primarily driven by direct biosimilar competition in certain international markets.

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Net revenues for Skyrizi increased 84% in 2021 primarily driven by continued strong volume and market share uptake since launch in 2019 as a treatment for plaque psoriasis as well as market growth over the prior year.

Net revenues for Rinvoq increased by more than 100% in 2021 primarily driven by continued strong volume and market share uptake since launch in 2019 for the treatment of moderate to severe rheumatoid arthritis as well as market growth over the prior year. Net revenues were also favorably impacted by recent regulatory approvals and expansion of Rinvoq for the treatment of psoriatic arthritis, atopic dermatitis and ankylosing spondylitis in certain international markets.

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 increased 2% in 2021 as a result of modest favorable pricing in the United States and increased collaboration revenues, partially offset by lower new patient starts due to the COVID-19 pandemic and share loss in the United States.

Net revenues for Venclexta increased 34% in 2021 primarily due to continued expansion of Venclexta for the treatment of patients with first-line CLL, relapsed/refractory CLL and first-line AML.

Net revenues for Botox Cosmetic used in facial aesthetics increased 98% in 2021 due to increased brand investment and strong recovery from the COVID-19 pandemic. Net revenues were also favorably impacted by a full period of Allergan results in 2021 compared to the prior year.

Net revenues for Juvederm Collection (including Juvederm Ultra XC, Juvederm Voluma XC and other Juvederm products) used in facial aesthetics increased by more than 100% in 2021 due to increased brand investment and strong recovery from the COVID-19 pandemic. Net revenues were also favorably impacted by a full period of Allergan results in 2021 compared to the prior year.

Net revenues for Botox Therapeutic used primarily in neuroscience and urology therapeutic areas increased 75% in 2021 due to a strong recovery from the COVID-19 pandemic. Net revenues were also favorably impacted by a full period of Allergan results in 2021 compared to the prior year.

Net revenues for Vraylar for the treatment of schizophrenia, bipolar I disorder and bipolar depression increased 82% in 2021 due to higher market share and market growth. Net revenues were also favorably impacted by a full period of Allergan results in 2021 compared to the prior year.

Net revenues for Ubrelvy for the acute treatment of migraine with or without aura in adults increased by more than 100% in 2021 primarily due to increased volume and market share uptake since launch in 2020.

Net revenues for Mavyret decreased 8% in 2021 primarily driven by the continued disruption of global HCV markets due to the COVID-19 pandemic.

Gross Margin

years ended December 31 (dollars in millions)	2021	2020	2019	Percent change 2021	Percent change 2020
Gross margin	$38,751	$30,417	$25,827	27%	18%
as a percent of net revenues	69%	66%	78%		

Gross margin as a percentage of net revenues in 2021 increased from 2020 primarily due to lower amortization of inventory fair value step-up adjustment associated with the Allergan acquisition and favorable changes in product mix, partially offset by higher amortization of intangible assets associated with the Allergan acquisition.

Selling, General and Administrative

years ended December 31 (dollars in millions)	2021	2020	2019	Percent change 2021	Percent change 2020
Selling, general and administrative	$12,349	$11,299	$6,942	9%	63%
as a percent of net revenues	22%	25%	21%		

SG&A expenses as a percentage of net revenues in 2021 decreased primarily due to lower transaction and integration costs related to the acquisition of Allergan as well as leverage from revenue growth and synergies realized in the period subsequent to completion of the Allergan acquisition.

Research and Development and Acquired In-Process Research and Development

years ended December 31 (dollars in millions)	2021	2020	2019	Percent change 2021	Percent change 2020
Research and development	$7,084	$6,557	$6,407	8%	2%
as a percent of net revenues	13%	14%	19%		
Acquired in-process research and development	$ 962	$1,198	$ 385	(20)%	>100%

R&D expenses as a percentage of net revenues decreased in 2021 primarily due to the increased scale of the combined company and synergies realized for the period subsequent to completion of the Allergan acquisition as well as lower integration costs related to the acquisition of Allergan.

Acquired IPR&D expenses represent initial costs to acquire rights to in-process R&D projects through R&D collaborations, licensing arrangements or other asset acquisitions. Acquired IPR&D expense in 2021 included a charge of $400 million as a result of exercising the company's exclusive right to acquire TeneoOne, an affiliate of Teneobio, Inc., and TNB-383B, a BCMA-targeting immunotherapeutic for the potential treatment of relapsed or refractory multiple myeloma and a charge of $370 million as a result of entering into a collaboration agreement with REGENXBIO Inc. for the development and commercialization of RGX-314, an investigational gene therapy for wet age-related macular degeneration, diabetic retinopathy and other chronic retinal diseases. Acquired IPR&D expense in 2020 included a charge of $750 million as a result of entering into a collaboration agreement with Genmab A/S to research, develop and commercialize investigational bispecific antibody therapeutics for the treatment of cancer. Acquired IPR&D expense in 2020 also included a charge of $200 million as a result of entering into a collaboration agreement with I-Mab Biopharma for the development and commercialization of lemzoparlimab for the treatment of multiple cancers. See Note 5 to the Consolidated Financial Statements for additional information.

Other Operating Expense (Income), Net

Other operating expense in 2021 included a $500 million charge related to the extension of the Calico collaboration to discover, develop and bring to market new therapies for patients with age-related diseases, including neurodegeneration and cancer.

Other Non-Operating Expenses

years ended December 31 (in millions)	2021	2020	2019
Interest expense	$2,423	$2,454	$1,784
Interest income	(39)	(174)	(275)
Interest expense, net	$2,384	$2,280	$1,509
Net foreign exchange loss	$ 51	$ 71	$ 42
Other expense, net	2,500	5,614	3,006

Interest expense in 2021 decreased compared to 2020 primarily due to the favorable impact of lower interest rates on the company's floating rate debt obligations and deleveraging, partially offset by a higher average debt balance associated with the incremental Allergan debt acquired.

Interest income in 2021 decreased compared to 2020 primarily due to a lower average cash and cash equivalents balance as a result of the cash paid for the Allergan acquisition and the unfavorable impact of lower interest rates.

Other expense, net included charges related to changes in fair value of the contingent consideration liabilities of $2.7 billion in 2021 and $5.8 billion in 2020. 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

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sales of the acquired products and other market-based factors. In 2021, the change in fair value included the increase in the Skyrizi contingent consideration liability due to higher estimated sales driven by stronger market share uptake, favorable clinical trial results and the passage of time, partially offset by higher discount rates. In 2020, the change in fair value primarily included the increase in the Skyrizi contingent consideration liability due to higher estimated sales driven by stronger market share uptake, lower discount rates, the passage of time and favorable clinical trial results.

Income Tax Expense

The effective income tax rate was 11% in 2021, negative 36% in 2020 and 6% in 2019. The effective income tax rates differed from the statutory tax rate 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, changes in enacted tax rates and laws and related restructuring, tax audit settlements and accretion on contingent consideration. The 2020 effective income tax rate included the recognition of a net tax benefit of $1.7 billion related to changes in tax laws and related restructuring, including certain intra-group transfers of intellectual property and deferred tax remeasurement. The effective tax rates for these periods also reflected the benefit from U.S. tax credits principally related to research and development credits, the orphan drug tax credit and Puerto Rico excise tax credits. The Puerto Rico excise tax credits relate to legislation enacted by Puerto Rico that assesses an excise tax on certain products manufactured in Puerto Rico. The tax is levied on gross inventory purchases from entities in Puerto Rico and is included in cost of products sold in the consolidated statements of earnings. The majority of the tax is creditable for U.S. income tax purposes.

FINANCIAL POSITION, LIQUIDITY AND CAPITAL RESOURCES

years ended December 31 (in millions)	2021	2020	2019
Cash flows provided by (used in)			
Operating activities	$ 22,777	$ 17,588	$13,324
Investing activities	(2,344)	(37,557)	596
Financing activities	(19,039)	(11,501)	18,708

Operating cash flows in 2021 increased from 2020. Operating cash flows in 2021 were favorably impacted by higher net revenues of the combined company and lower acquisition-related cash expenses, partially offset by higher income tax payments and the timing of working capital cash flows. Operating cash flows also reflected AbbVie's contributions to its defined benefit plans of $376 million in 2021 and $367 million in 2020.

Investing cash flows in 2021 included $535 million cash consideration paid to acquire Soliton, Inc. offset by cash acquired, payments made for other acquisitions and investments of $1.4 billion, capital expenditures of $787 million and net purchases of investment securities totaling $21 million. Investing cash flows in 2020 included $39.7 billion cash consideration paid to acquire Allergan offset by cash acquired of $1.5 billion, net sales and maturities of investment securities totaling $1.5 billion, payments made for other acquisitions and investments of $1.4 billion and capital expenditures of $798 million.

Financing cash flows in 2021 included early repayments of $1.8 billion aggregate principal amount of the company's 2.3% principal notes, $1.2 billion aggregate principal amount of the company's 5.0% senior notes and €750 million aggregate principal amount of the company's 0.5% senior Euro notes. Financing cash flows also included the May 2021 repayment of $750 million aggregate principal amount of floating rate senior notes and the November 2021 repayment of $1.3 billion aggregate principal amount of 3.375% senior notes, $1.8 billion aggregate principal amount of 2.15% senior notes and $750 million aggregate principal amount of floating rate senior notes at maturity. Additionally, financing cash flows included repayment of a $1.0 billion floating rate term loan due May 2023 and issuance of a new $1.0 billion floating rate term loan as part of the term loan refinancing in September 2021.

Financing cash flows in 2020 included the issuance of term loans totaling $3.0 billion under the existing $6.0 billion term loan credit agreement which were used to finance the acquisition of Allergan.

Subsequent to these borrowings, AbbVie terminated the unused commitments of the lenders under the term loan. Additionally, financing cash flows included the May 2020 repayment of $3.8 billion aggregate principal amount of the company's 2.50% senior notes, the September 2020 repayment of $650 million aggregate principal amount of 3.375% senior notes and the November 2020 repayments of €700 million aggregate principal amount of floating rate senior Euro notes at maturity as well as the $450 million aggregate principal amount of 4.875% senior notes due February 2021.

Financing cash flows also included cash dividend payments of $9.3 billion in 2021 and $7.7 billion in 2020. The increase in cash dividend payments was primarily driven by an increase of the dividend rate and higher outstanding shares following the 286 million shares of AbbVie common stock issued to Allergan shareholders in May 2020.

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. Under this authorization, AbbVie repurchased 6 million shares for $670 million in 2021 and 8 million shares for $757 million in 2020. AbbVie's remaining stock repurchase authorization was $2.5 billion as of December 31, 2021.

No commercial paper borrowings were issued during 2021. In 2020, the company issued and redeemed commercial paper. There were no commercial paper borrowings outstanding as of December 31, 2021 or December 31, 2020. AbbVie may issue additional commercial paper or retire commercial paper to meet liquidity requirements as needed.

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 amended facility enables the company to borrow funds on an unsecured basis at variable interest rates and contains various covenants. At December 31, 2021, 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 December 31, 2021 and 2020.

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

There were no changes to the company's credit ratings during 2021. Following the acquisition of Allergan in 2020, S&P Global Ratings revised its ratings outlook to stable from negative and lowered the issuer credit rating by one notch to BBB+ from A- and the short-term rating to A-2 from A-1. There

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were no changes in Moody's Investor Service of its Baa2 senior unsecured long-term rating and Prime-2 short-term rating with a stable outlook.

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.

Future Cash Requirements

Contractual Obligations

The following table summarizes AbbVie's estimated material contractual obligations as of December 31, 2021:

(In millions)	Total	Current	Long-term
Long-term debt, including current portion	$75,962	$12,428	$63,534
Interest on long-term debt[(a)]	30,002	2,392	27,610
Contingent consideration liabilities[(b)]	14,887	1,249	13,638

(a) Includes estimated future interest payments on long-term debt. Interest payments on debt are calculated for future periods using forecasted interest rates in effect at the end of 2021. Projected interest payments include the related effects of interest rate swap agreements. Certain of these projected interest payments may differ in the future based on changes in floating interest rates or other factors or events. The projected interest payments only pertain to obligations and agreements outstanding at December 31, 2021. See Note 10 to the Consolidated Financial Statements for additional information regarding the company's debt instruments and Note 11 for additional information on the interest rate swap agreements outstanding at December 31, 2021.

(b) Includes contingent consideration liabilities which are recorded at fair value on the consolidated balance sheet. Potential contingent consideration payments that exceed the fair value recorded on the consolidated balance sheet are not included in the table of contractual obligations. See Note 11 to the Consolidated Financial Statements for additional information regarding these liabilities.

AbbVie enters into certain unconditional purchase obligations and other commitments in the normal course of business. There have been no changes to these commitments that would have a material impact on the company's ability to meet either short-term or long-term future cash requirements.

Income Taxes

Future income tax cash requirements include a one-time transition tax liability on a mandatory deemed repatriation of previously untaxed earnings of foreign subsidiaries resulting from U.S. tax reform enacted in 2017. The one-time transition tax liability was $3.9 billion as of December 31, 2021 and is payable in five future annual installments.

Liabilities for unrecognized tax benefits totaled $6.0 billion as of December 31, 2021. It is not possible to reliably estimate the timing of the future cash outflows related to these liabilities. See Note 14 to the Consolidated Financial Statements for additional information on these unrecognized tax benefits.

Quarterly Cash Dividend

On October 29, 2021, AbbVie announced that its board of directors declared an increase in the quarterly cash dividend from $1.30 per share to $1.41 per share beginning with the dividend payable on February 15, 2022 to stockholders of record as of January 14, 2022. This reflects an increase of approximately 8.5% over the previous quarterly rate. 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.

Collaborations, Licensing and Other Arrangements

AbbVie enters into collaborative, licensing, and other arrangements with third parties that may require future milestone payments to third parties contingent upon the achievement of certain development, regulatory, or commercial milestones. Individually, these arrangements are insignificant in any one annual reporting period. However, if milestones for multiple products covered by these arrangements would happen to be reached in the same reporting period, the aggregate charge to expense could be material to the results of operations in that period. From a business perspective, the payments are viewed as positive because they signify that the product is successfully moving through development and is now generating or is more likely to generate future cash flows from product sales. It is not possible to predict with reasonable certainty whether these milestones will be achieved or the timing for achievement. See Note 5 to the Consolidated Financial Statements for additional information on these collaboration arrangements.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial statements in accordance with generally accepted accounting principles in the United States requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenue and expenses. A summary of the company's significant accounting policies is included in Note 2 to the Consolidated Financial Statements. Certain of these policies are considered critical as these most significantly impact the company's financial condition and results of operations and require the most difficult, subjective, or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. Actual results may vary from these estimates.

Revenue Recognition

AbbVie recognizes revenue when control of promised goods or services is transferred to the company's customers, in an amount that reflects the consideration AbbVie expects to be entitled to in exchange for those goods or services. Sales, value add and other taxes collected concurrent with revenue-producing activities are excluded from revenue. AbbVie generates revenue primarily from product sales. For the majority of sales, the company transfers control, invoices the customer and recognizes revenue upon shipment to the customer.

Rebates

AbbVie provides rebates to pharmacy benefit managers, state government Medicaid programs, insurance companies that administer Medicare drug plans, wholesalers, group purchasing organizations and other government agencies and private entities.

Rebate and chargeback accruals are accounted for as variable consideration and are recorded as a reduction to revenue in the period the related product is sold. Provisions for rebates and chargebacks totaled $33.9 billion in 2021, $27.0 billion in 2020 and $18.8 billion in 2019. Rebate amounts are typically based upon the volume of purchases using contractual or statutory prices, which may vary by product and by payer. For each type of rebate, the factors used in the calculations of the accrual for that rebate include the identification of the products subject to the rebate, the applicable price terms and the estimated lag time between sale and payment of the rebate, which can be significant.

In order to establish its rebate and chargeback accruals, the company uses both internal and external data to estimate the level of inventory in the distribution channel and the rebate claims processing lag time for each type of rebate. To estimate the rebate percentage or net price, the company tracks sales by product and by customer or payer. The company evaluates inventory data reported by wholesalers, available prescription volume information, product pricing, historical experience and other factors in order to determine the adequacy of its reserves. AbbVie regularly monitors its reserves and records adjustments when rebate trends, rebate programs and contract terms, legislative changes,

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or other significant events indicate that a change in the reserve is appropriate. Historically, adjustments to rebate accruals have not been material to net earnings.

The following table is an analysis of the three largest accruals for rebates and chargebacks, which comprise approximately 95% of the total consolidated rebate and chargebacks recorded as reductions to revenues in 2021. Remaining rebate provisions charged against gross revenues are not significant in the determination of operating earnings.

(in millions)	Medicaid and Medicare Rebates	Managed Care Rebates	Wholesaler Chargebacks
Balance at December 31, 2018	$ 1,645	$ 1,439	$ 656
Provisions	4,035	5,772	7,947
Payments	(3,915)	(5,275)	(7,917)
Balance at December 31, 2019	1,765	1,936	686
Additions[(a)]	1,266	649	71
Provisions	6,715	8,656	8,677
Payments	(6,801)	(8,334)	(8,693)
Balance at December 31, 2020	2,945	2,907	741
Provisions	9,622	11,306	11,286
Payments	(8,751)	(11,116)	(11,125)
Balance at December 31, 2021	$ 3,816	$ 3,097	$ 902

(a) Represents rebate accruals and chargeback allowances assumed in the Allergan acquisition.

Cash Discounts and Product Returns

Cash discounts and product returns, which totaled $3.6 billion in 2021, $2.4 billion in 2020 and $1.6 billion in 2019, are accounted for as variable consideration and are recorded as a reduction to revenue in the same period the related product is sold. The reserve for cash discounts is readily determinable because the company's experience of payment history is fairly consistent. Product returns can be reliably estimated based on the company's historical return experience.

Pension and Other Post-Employment Benefits

AbbVie engages outside actuaries to assist in the determination of the obligations and costs under the pension and other post-employment benefit plans that are direct obligations of AbbVie. The valuation of the funded status and the net periodic benefit cost for these plans are calculated using actuarial assumptions. The significant assumptions, which are reviewed annually, include the discount rate, the expected long-term rate of return on plan assets and the health care cost trend rates, and are disclosed in Note 12 to the Consolidated Financial Statements.

The discount rate is selected based on current market rates on high-quality, fixed-income investments at December 31 each year. AbbVie employs a yield-curve approach for countries where a robust bond market exists. The yield curve is developed using high-quality bonds. The yield-curve approach reflects the plans' specific cash flows (i.e. duration) in calculating the benefit obligations by applying the corresponding individual spot rates along the yield curve. AbbVie reflects the plans' specific cash flows and applies them to the corresponding individual spot rates along the yield curve in calculating the service cost and interest cost portions of expense. For other countries, AbbVie reviews various indices such as corporate bond and government bond benchmarks to estimate the discount rate.

AbbVie's assumed discount rates have a significant effect on the amounts reported for defined benefit pension and other post-employment plans as of December 31, 2021. A 50 basis point change in the assumed discount rate would have had the following effects on AbbVie's calculation of net periodic

benefit costs in 2022 and projected benefit obligations as of December 31, 2021:

(in millions) (brackets denote a reduction)	50 basis point Increase	50 basis point Decrease
Defined benefit plans		
Service and interest cost	$ (90)	$ 100
Projected benefit obligation	(1,014)	1,159
Other post-employment plans		
Service and interest cost	$ (7)	$ 7
Projected benefit obligation	(61)	69

The expected long-term rate of return is based on the asset allocation, historical performance and the current view of expected future returns. AbbVie considers these inputs with a long-term focus to avoid short-term market influences. The current long-term rate of return on plan assets for each plan is supported by the historical performance of the trust's actual and target asset allocation. AbbVie's assumed expected long-term rate of return has a significant effect on the amounts reported for defined benefit pension plans as of December 31, 2021 and will be used in the calculation of net periodic benefit cost in 2022. A one percentage point change in assumed expected long-term rate of return on plan assets would increase or decrease the net period benefit cost of these plans in 2022 by $101 million.

The health care cost trend rate is selected by reviewing historical trends and current views on projected future health care cost increases. The current health care cost trend rate is supported by the historical trend experience of each plan. Assumed health care cost trend rates have a significant effect on the amounts reported for health care plans as of December 31, 2021 and will be used in the calculation of net periodic benefit cost in 2022.

Income Taxes

AbbVie accounts for income taxes under the asset and liability method. Provisions for federal, state and foreign income taxes are calculated on reported pretax earnings based on current tax laws. Deferred taxes are provided using enacted tax rates on the future tax consequences of temporary differences, which are the differences between the financial statement carrying amount of assets and liabilities and their respective tax bases and the tax benefits of carryforwards. A valuation allowance is established or maintained when, based on currently available information, it is more likely than not that all or a portion of a deferred tax asset will not be realized.

Litigation

The company 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. See Note 15 to the Consolidated Financial Statements for additional information. 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. Accordingly, AbbVie is often initially unable to develop a best estimate of loss and therefore, the minimum amount, which could be zero, is recorded. As information becomes known, either the minimum loss amount is increased, resulting in additional loss provisions, or a best estimate can be made, also resulting in additional loss provisions. Occasionally, a best estimate amount is changed to a lower amount when events result in an expectation of a more favorable outcome than previously expected.

Valuation of Goodwill and Intangible Assets

AbbVie has acquired and may continue to acquire significant intangible assets in connection with business combinations that AbbVie records at fair value. Transactions involving the purchase or sale of intangible assets occur between companies in the pharmaceuticals industry and valuations are usually based on a discounted cash flow analysis incorporating the stage of completion. The discounted cash flow model requires assumptions about the timing and amount of future net cash flows, risk, cost

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of capital, terminal values and market participants. Each of these factors can significantly affect the value of the intangible asset. IPR&D acquired in a business combination is capitalized as an indefinite-lived intangible asset until regulatory approval is obtained, at which time it is accounted for as a definite-lived asset and amortized over its estimated useful life, or discontinuation, at which point the intangible asset will be written off. IPR&D acquired in transactions that are not business combinations is expensed immediately, unless deemed to have an alternative future use. Payments made to third parties subsequent to regulatory approval are capitalized and amortized over the remaining useful life.

AbbVie reviews the recoverability of definite-lived intangible assets whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable. Goodwill and indefinite-lived intangible assets are reviewed for impairment annually or when an event occurs that could result in an impairment. See Note 2 to the Consolidated Financial Statements for additional information.

Annually, the company tests its goodwill for impairment by first assessing qualitative factors to determine whether it is more likely than not that the fair value is less than its carrying amount. Some of the factors considered in the assessment include general macro-economic conditions, conditions specific to the industry and market, cost factors, the overall financial performance and whether there have been sustained declines in the company's share price. If the company concludes it is more likely than not that the fair value of the reporting unit is less than its carrying amount, a quantitative impairment test is performed. AbbVie tests indefinite-lived intangible assets for impairment by first assessing qualitative factors to determine whether it is more likely than not that the fair value is less than its carrying amount. If the company concludes it is more likely than not that the fair value is less than its carrying amount, a quantitative impairment test is performed.

For its quantitative impairment tests, the company uses an estimated future cash flow approach that requires significant judgment with respect to future volume, revenue and expense growth rates, changes in working capital use, the selection of an appropriate discount rate, asset groupings and other assumptions and estimates. The estimates and assumptions used are consistent with the company's business plans and a market participant's views. The use of alternative estimates and assumptions could increase or decrease the estimated fair value of the assets and could potentially impact the company's results of operations. Actual results may differ from the company's estimates.

Contingent Consideration

The fair value measurements of contingent consideration liabilities are determined as of the acquisition date 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. Contingent consideration liabilities are revalued to fair value at each subsequent reporting date until the related contingency is resolved. The 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, the probabilities of achieving the milestones, the time required to achieve the milestones and estimated future sales. Significant judgment is employed in determining the appropriateness of certain of these inputs, which are disclosed in Note 11 to the Consolidated Financial Statements. 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.

Recent Accounting Pronouncements

See Note 2 to the Consolidated Financial Statements for additional information on recent accounting pronouncements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The company is exposed to risk that its earnings, cash flows and equity could be adversely impacted by changes in foreign exchange rates and interest rates. Certain derivative instruments are used when available on a cost-effective basis to hedge the company's underlying economic exposures. See Note 11 to the Consolidated Financial Statements for additional information regarding the company's financial instruments and hedging strategies.

Foreign Currency Risk

AbbVie's primary net foreign currency exposures are the Euro, Japanese yen, Canadian dollar, Chinese yuan and British pound. The following table reflects the total foreign currency forward exchange contracts outstanding at December 31, 2021 and 2020:

	2021			2020		
as of December 31 (in millions)	Contract amount	Weighted average exchange rate	Fair and carrying value receivable/ (payable)	Contract amount	Weighted average exchange rate	Fair and carrying value receivable/ (payable)
Receive primarily U.S. dollars in exchange for the following currencies:						
Euro	$10,253	1.155	$195	$ 7,818	1.213	$(39)
Chinese yuan	673	6.400	(1)	247	6.584	(1)
British pound	605	1.331	9	275	1.341	3
Japanese yen	602	113.3	9	837	103.9	(7)
Canadian dollar	571	1.258	9	591	1.328	(23)
All other currencies	1,549	n/a	5	1,459	n/a	(14)
Total	$14,253		$226	$11,227		$(81)

The company estimates that a 10% appreciation in the underlying currencies being hedged from their levels against the U.S. dollar, with all other variables held constant, would decrease the fair value of foreign exchange forward contracts by $1.4 billion at December 31, 2021. If realized, this appreciation would negatively affect earnings over the remaining life of the contracts. However, gains and losses on the hedging instruments offset losses and gains on the hedged transactions and reduce the earnings and stockholders' equity volatility relating to foreign exchange. A 10% appreciation is believed to be a reasonably possible near-term change in foreign currencies.

As of December 31, 2021, the company has €5.9 billion aggregate principal amount of unsecured senior Euro notes outstanding, which are exposed to foreign currency risk. The company designated these foreign currency denominated notes as hedges of its net investments in certain foreign subsidiaries and affiliates. As a result, any foreign currency translation gains or losses related to the Euro notes will be included in accumulated other comprehensive loss. See Note 10 to the Consolidated Financial Statements for additional information regarding to the senior Euro notes and Note 11 to the Consolidated Financial Statements for additional information regarding to the net investment hedging program.

Interest Rate Risk

The company estimates that an increase in interest rates of 100 basis points would adversely impact the fair value of AbbVie's interest rate swap contracts by approximately $244 million at December 31, 2021. If realized, the fair value reduction would affect earnings over the remaining life of the contracts. The company estimates that an increase of 100 basis points in long-term interest rates would decrease the fair value of long-term debt by $5.0 billion at December 31, 2021. A 100 basis point change is believed to be a reasonably possible near-term change in interest rates.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

	Page
Consolidated Financial Statements	
Consolidated Statements of Earnings	54
Consolidated Statements of Comprehensive Income	55
Consolidated Balance Sheets	56
Consolidated Statements of Equity	57
Consolidated Statements of Cash Flows	58
Notes to Consolidated Financial Statements	59
Report of Independent Registered Public Accounting Firm (PCAOB ID: 42)	104

AbbVie Inc. and Subsidiaries

Consolidated Statements of Earnings

years ended December 31 (in millions, except per share data)	2021	2020	2019
Net revenues	$56,197	$45,804	$33,266
Cost of products sold	17,446	15,387	7,439
Selling, general and administrative	12,349	11,299	6,942
Research and development	7,084	6,557	6,407
Acquired in-process research and development	962	1,198	385
Other operating expense (income), net	432	—	(890)
Total operating costs and expenses	38,273	34,441	20,283
Operating earnings	17,924	11,363	12,983
Interest expense, net	2,384	2,280	1,509
Net foreign exchange loss	51	71	42
Other expense, net	2,500	5,614	3,006
Earnings before income tax expense	12,989	3,398	8,426
Income tax expense (benefit)	1,440	(1,224)	544
Net earnings	11,549	4,622	7,882
Net earnings attributable to noncontrolling interest	7	6	—
Net earnings attributable to AbbVie Inc.	$11,542	$ 4,616	$ 7,882
Per share data			
Basic earnings per share attributable to AbbVie Inc.	$ 6.48	$ 2.73	$ 5.30
Diluted earnings per share attributable to AbbVie Inc.	$ 6.45	$ 2.72	$ 5.28
Weighted-average basic shares outstanding	1,770	1,667	1,481
Weighted-average diluted shares outstanding	1,777	1,673	1,484

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

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AbbVie Inc. and Subsidiaries

Consolidated Statements of Comprehensive Income

years ended December 31 (in millions)	2021	2020	2019
Net earnings	$11,549	$4,622	$ 7,882
Foreign currency translation adjustments, net of tax expense (benefit) of $(35) in 2021, $28 in 2020 and $(4) in 2019	(1,153)	1,511	(98)
Net investment hedging activities, net of tax expense (benefit) of $193 in 2021, $(221) in 2020 and $22 in 2019	699	(799)	74
Pension and post-employment benefits, net of tax expense (benefit) of $124 in 2021, $(47) in 2020 and $(323) in 2019	521	(102)	(1,243)
Marketable security activities, net of tax expense (benefit) of $— in 2021, $— in 2020 and $— in 2019	—	—	10
Cash flow hedging activities, net of tax expense (benefit) of $20 in 2021, $(23) in 2020 and $70 in 2019	151	(131)	141
Other comprehensive income (loss)	$ 218	$ 479	$(1,116)
Comprehensive income	11,767	5,101	6,766
Comprehensive income attributable to noncontrolling interest	7	6	—
Comprehensive income attributable to AbbVie Inc.	$11,760	$5,095	$ 6,766

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

AbbVie Inc. and Subsidiaries

Consolidated Balance Sheets

as of December 31 (in millions, except share data)	2021	2020
Assets		
Current assets		
Cash and equivalents	$ 9,746	$ 8,449
Short-term investments	84	30
Accounts receivable, net	9,977	8,822
Inventories	3,128	3,310
Prepaid expenses and other	4,993	3,562
Total current assets	27,928	24,173
Investments	277	293
Property and equipment, net	5,110	5,248
Intangible assets, net	75,951	82,876
Goodwill	32,379	33,124
Other assets	4,884	4,851
Total assets	$146,529	$150,565
Liabilities and Equity		
Current liabilities		
Short-term borrowings	$ 14	$ 34
Current portion of long-term debt and finance lease obligations	12,481	8,468
Accounts payable and accrued liabilities	22,699	20,159
Total current liabilities	35,194	28,661
Long-term debt and finance lease obligations	64,189	77,554
Deferred income taxes	3,009	3,646
Other long-term liabilities	28,701	27,607
Commitments and contingencies		
Stockholders' equity (deficit)		
Common stock, $0.01 par value, 4,000,000,000 shares authorized, 1,803,195,293 shares issued as of December 31, 2021 and 1,792,140,764 as of December 31, 2020	18	18
Common stock held in treasury, at cost, 34,857,597 shares as of December 31, 2021 and 27,007,945 as of December 31, 2020	(3,143)	(2,264)
Additional paid-in capital	18,305	17,384
Retained earnings	3,127	1,055
Accumulated other comprehensive loss	(2,899)	(3,117)
Total stockholders' equity	15,408	13,076
Noncontrolling interest	28	21
Total equity	15,436	13,097
Total liabilities and equity	$146,529	$150,565

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

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AbbVie Inc. and Subsidiaries

Consolidated Statements of Equity

years ended December 31 (in millions)	Common shares outstanding	Common stock	Treasury stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive loss	Noncontrolling interest	Total
Balance at December 31, 2018	1,479	$18	$(24,108)	$14,756	$ 3,368	$(2,480)	$—	$ (8,446)
Net earnings attributable to AbbVie Inc.	—	—	—	—	7,882	—	—	7,882
Other comprehensive loss, net of tax	—	—	—	—	—	(1,116)	—	(1,116)
Dividends declared	—	—	—	—	(6,533)	—	—	(6,533)
Purchases of treasury stock	(5)	—	(428)	—	—	—	—	(428)
Stock-based compensation plans and other	5	—	32	437	—	—	—	469
Balance at December 31, 2019	1,479	18	(24,504)	15,193	4,717	(3,596)	—	(8,172)
Net earnings attributable to AbbVie Inc.	—	—	—	—	4,616	—	—	4,616
Other comprehensive income, net of tax	—	—	—	—	—	479	—	479
Dividends declared	—	—	—	—	(8,278)	—	—	(8,278)
Common shares and equity awards issued for acquisition of Allergan plc	286	—	23,166	1,243	—	—	—	24,409
Purchases of treasury stock	(10)	—	(978)	—	—	—	—	(978)
Stock-based compensation plans and other	10	—	52	948	—	—	—	1,000
Change in noncontrolling interest	—	—	—	—	—	—	21	21
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.	—	—	—	—	11,542	—	—	11,542
Other comprehensive income, net of tax	—	—	—	—	—	218	—	218
Dividends declared	—	—	—	—	(9,470)	—	—	(9,470)
Purchases of treasury stock	(8)	—	(934)	—	—	—	—	(934)
Stock-based compensation plans and other	11	—	55	921	—	—	—	976
Change in noncontrolling interest	—	—	—	—	—	—	7	7
Balance at December 31, 2021	1,768	$18	$ (3,143)	$18,305	$ 3,127	$(2,899)	$28	$15,436

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

AbbVie Inc. and Subsidiaries

Consolidated Statements of Cash Flows

years ended December 31 (in millions) (brackets denote cash outflows)	2021	2020	2019
Cash flows from operating activities			
Net earnings	$ 11,549	$ 4,622	$ 7,882
Adjustments to reconcile net earnings to net cash from operating activities:			
Depreciation	803	666	464
Amortization of intangible assets	7,718	5,805	1,553
Deferred income taxes	(898)	(2,325)	122
Change in fair value of contingent consideration liabilities	2,679	5,753	3,091
Stock-based compensation	692	753	430
Upfront costs and milestones related to collaborations	1,624	1,376	490
Gain on divestitures	(68)	—	(330)
Stemcentrx impairment	—	—	1,030
Other, net	—	832	43
Changes in operating assets and liabilities, net of acquisitions:			
Accounts receivable	(1,321)	(929)	(74)
Inventories	(142)	(40)	(231)
Prepaid expenses and other assets	(197)	134	(225)
Accounts payable and other liabilities	1,628	1,514	97
Income tax assets and liabilities, net	(1,290)	(573)	(1,018)
Cash flows from operating activities	22,777	17,588	13,324
Cash flows from investing activities			
Acquisition of businesses, net of cash acquired	(525)	(38,260)	—
Other acquisitions and investments	(1,377)	(1,350)	(1,135)
Acquisitions of property and equipment	(787)	(798)	(552)
Purchases of investment securities	(119)	(61)	(583)
Sales and maturities of investment securities	98	1,525	2,699
Other, net	366	1,387	167
Cash flows from investing activities	(2,344)	(37,557)	596
Cash flows from financing activities			
Net change in commercial paper borrowings	—	—	(699)
Repayments of other short-term borrowings	—	—	(3,000)
Proceeds from issuance of long-term debt	1,000	3,000	31,482
Repayments of long-term debt and finance lease obligations	(9,414)	(5,683)	(1,536)
Debt issuance costs	—	(20)	(424)
Dividends paid	(9,261)	(7,716)	(6,366)
Purchases of treasury stock	(934)	(978)	(629)
Proceeds from the exercise of stock options	244	209	8
Payments of contingent consideration liabilities	(698)	(321)	(163)
Other, net	24	8	35
Cash flows from financing activities	(19,039)	(11,501)	18,708
Effect of exchange rate changes on cash and equivalents	(97)	(5)	7
Net change in cash and equivalents	1,297	(31,475)	32,635
Cash and equivalents, beginning of year	8,449	39,924	7,289
Cash and equivalents, end of year	$ 9,746	$ 8,449	$39,924
Other supplemental information			
Interest paid, net of portion capitalized	$ 2,712	$ 2,619	$ 1,794
Income taxes paid	3,648	1,674	1,447
Supplemental schedule of non-cash investing and financing activities			
Issuance of common shares associated with acquisitions of businesses	—	23,979	—

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

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AbbVie Inc. and Subsidiaries
Notes to Consolidated Financial Statements

Note 1 Background

Background

The principal business of AbbVie Inc. (AbbVie or the company) is the discovery, development, manufacturing and sale of a broad line of 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.

AbbVie was incorporated in Delaware on April 10, 2012. On January 1, 2013, AbbVie became an independent, publicly-traded company as a result of the distribution by Abbott Laboratories (Abbott) of 100% of the outstanding common stock of AbbVie to Abbott's shareholders.

On May 8, 2020, AbbVie completed its acquisition of Allergan plc (Allergan). Refer to Note 5 for additional information regarding this acquisition.

Note 2 Summary of Significant Accounting Policies

Use of Estimates

The consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (GAAP) and necessarily include amounts based on estimates and assumptions by management. Actual results could differ from those amounts. Significant estimates include amounts for rebates, pension and other post-employment benefits, income taxes, litigation, valuation of goodwill and intangible assets, contingent consideration liabilities, financial instruments and inventory and accounts receivable exposures.

Basis of Consolidation

The consolidated financial statements include the accounts of AbbVie and all of its subsidiaries in which a controlling interest is maintained. Controlling interest is determined by majority ownership interest and the absence of substantive third-party participating rights or, in the case of variable interest entities, where AbbVie is determined to be the primary beneficiary. Investments in companies over which AbbVie has a significant influence but not a controlling interest are accounted for using the equity method with AbbVie's share of earnings or losses reported in other expense, net in the consolidated statements of earnings. Intercompany balances and transactions are eliminated.

Certain reclassifications have been made to conform the prior period consolidated financial statements to the current period presentation.

Revenue Recognition

AbbVie recognizes revenue when control of promised goods or services is transferred to the company's customers, in an amount that reflects the consideration AbbVie expects to be entitled to in exchange for those goods or services. Sales, value add and other taxes collected concurrent with revenue-producing activities are excluded from revenue. AbbVie generates revenue primarily from product sales. For the majority of sales, the company transfers control, invoices the customer and recognizes revenue upon shipment to the customer. The company recognizes shipping and handling costs as an expense in cost of products sold when the company transfers control to the customer.

Payment terms vary depending on the type and location of the customer, are based on customary commercial terms and are generally less than one year. AbbVie does not adjust revenue for the effects of a significant financing component for contracts where AbbVie expects the period between the transfer of the good or service and collection to be one year or less.

Discounts, rebates, sales incentives to customers, returns and certain other adjustments are accounted for as variable consideration. Provisions for variable consideration are based on current pricing, executed contracts, government pricing legislation and historical data and are provided for in the period the related revenues are recorded. Rebate amounts are typically based upon the volume of purchases using contractual or statutory prices, which may vary by product and by payer. For each type of rebate, factors used in the calculation of the accrual include the identification of the products subject to the rebate, the applicable price terms and the estimated lag time between sale and payment of the rebate, which can be significant. Sales incentives to customers are insignificant.

In addition to revenue from contracts with customers, the company also recognizes certain collaboration revenues. See Note 6 for additional information related to the collaborations with Janssen Biotech, Inc. and Genentech, Inc. Additionally, see Note 16 for disaggregation of revenue by product and geography.

Research and Development Expenses

Internal research and development (R&D) costs are expensed as incurred. Clinical trial costs incurred by third parties are expensed as the contracted work is performed. Where contingent milestone payments are due to third parties under research and development collaborations, prior to regulatory approval, the payment obligations are expensed when the milestone results are achieved. Payments made to third parties subsequent to regulatory approval are capitalized as intangible assets and amortized to cost of products sold over the remaining useful life of the related product.

Collaborations and Other Arrangements

The company enters into collaborative agreements with third parties to develop and commercialize drug candidates. Collaborative activities may include joint research and development and commercialization of new products. AbbVie generally receives certain licensing rights under these arrangements. These collaborations often require upfront payments and may include additional milestone, research and development cost sharing, royalty or profit share payments, contingent upon the occurrence of certain future events linked to the success of the asset in development and commercialization. Upfront payments associated with collaborative arrangements during the development stage are expensed to acquired in-process research and development (IPR&D) expenses in the consolidated statements of earnings. Subsequent payments made to the partner for the achievement of milestones during the development stage are expensed to R&D expense in the consolidated statements of earnings when the milestone is achieved. Milestone payments made to the partner subsequent to regulatory approval are capitalized as intangible assets and amortized to cost of products sold over the estimated useful life of the related asset. Royalties are expensed to cost of products sold in the consolidated statements of earnings when incurred.

Advertising

Costs associated with advertising are expensed as incurred and are included in selling, general and administrative (SG&A) expense in the consolidated statements of earnings. Advertising expenses were $2.1 billion in 2021, $1.8 billion in 2020 and $1.1 billion in 2019.

Pension and Other Post-Employment Benefits

AbbVie records annual expenses relating to its defined benefit pension and other post-employment benefit plans based on calculations which utilize various actuarial assumptions, including discount rates, rates of return on assets, compensation increases, turnover rates and health care cost trend rates. AbbVie reviews its actuarial assumptions on an annual basis and makes modifications to the assumptions based on current rates and trends. Actuarial gains and losses are deferred in accumulated other comprehensive income (loss) (AOCI), net of tax and are amortized over the remaining service attribution

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periods of the employees under the corridor method. Differences between the expected long-term return on plan assets and the actual annual return are generally amortized to net periodic benefit cost over a five-year period.

Income Taxes

Income taxes are accounted for under the asset and liability method. Provisions for federal, state and foreign income taxes are calculated on reported pretax earnings based on current tax laws. Deferred taxes are provided using enacted tax rates on the future tax consequences of temporary differences, which are the differences between the financial statement carrying amounts of assets and liabilities and their respective tax bases and the tax benefits of carryforwards. A valuation allowance is established or maintained when, based on currently available information, it is more likely than not that all or a portion of a deferred tax asset will not be realized.

Cash and Equivalents

Cash and equivalents include money market funds and time deposits with original maturities of three months or less.

Investments

Investments consist primarily of equity securities, held-to-maturity debt securities, marketable debt securities and time deposits. Investments in equity securities that have readily determinable fair values are recorded at fair value. Investments in equity securities that do not have readily determinable fair values are recorded at cost and are remeasured to fair value based on certain observable price changes or impairment events as they occur. Held-to-maturity debt securities are recorded at cost. Gains or losses on investments are included in other expense, net in the consolidated statements of earnings. Investments in marketable debt securities are classified as available-for-sale and are recorded at fair value with any unrealized holding gains or losses, net of tax, included in AOCI on the consolidated balance sheets until realized, at which time the gains or losses are recognized in earnings.

AbbVie periodically assesses its marketable debt securities for impairment and credit losses. When a decline in fair value of marketable debt security is due to credit related factors, an allowance for credit losses is recorded with a corresponding charge to other expense, net in the consolidated statements of earnings. When AbbVie determines that a non-credit related impairment has occurred, the amortized cost basis of the investment, net of allowance for credit losses, is written down with a charge to other expense, net in the consolidated statements of earnings and an available-for-sale investment's unrealized loss is reclassified from AOCI to other expense, net in the consolidated statements of earnings. Realized gains and losses on sales of investments are computed using the first-in, first-out method adjusted for any impairments and credit losses that were recorded in net earnings.

Accounts Receivable

Accounts receivable are stated at amortized cost less allowance for credit losses. The allowance for credit losses reflects the best estimate of future losses over the contractual life of outstanding accounts receivable and is determined on the basis of historical experience, specific allowances for known troubled accounts, other currently available information including customer financial condition, and both current and forecasted economic conditions.

Inventories

Inventories are valued at the lower of cost (first-in, first-out basis) or market. Cost includes material and conversion costs. Inventories consisted of the following:

as of December 31 (in millions)	2021	2020
Finished goods	$ 932	$1,318
Work-in-process	1,193	1,201
Raw materials	1,003	791
Inventories	$3,128	$3,310

Property and Equipment

as of December 31 (in millions)	2021	2020
Land	$ 287	$ 288
Buildings	2,791	2,555
Equipment	6,850	6,976
Construction in progress	799	1,040
Property and equipment, gross	10,727	10,859
Less accumulated depreciation	(5,617)	(5,611)
Property and equipment, net	$ 5,110	$ 5,248

Depreciation for property and equipment is recorded on a straight-line basis over the estimated useful lives of the assets. The estimated useful life for buildings ranges from 10 to 50 years. Buildings include leasehold improvements which are amortized over the life of the related facility lease (including any renewal periods, if appropriate) or the asset, whichever is shorter. The estimated useful life for equipment ranges from 2 to 25 years. Equipment includes certain computer software and software development costs incurred in connection with developing or obtaining software for internal use and is amortized over 3 to 10 years. Depreciation expense was $803 million in 2021, $666 million in 2020 and $464 million in 2019.

Leases

Short-term leases with a term of 12 months or less are not recorded on the balance sheet. For leases commencing or modified in 2019 or later, AbbVie does not separate lease components from non-lease components.

The company records lease liabilities based on the present value of lease payments over the lease term. AbbVie generally uses an incremental borrowing rate to discount its lease liabilities, as the rate implicit in the lease is typically not readily determinable. Certain lease agreements include renewal options that are under the company's control. AbbVie includes optional renewal periods in the lease term only when it is reasonably certain that AbbVie will exercise its option.

Variable lease payments include payments to lessors for taxes, maintenance, insurance and other operating costs as well as payments that are adjusted based on an index or rate. The company's lease agreements do not contain any significant residual value guarantees or restrictive covenants.

Litigation and Contingencies

Loss contingency provisions are recorded when it is probable that a liability has been incurred and the amount of the liability can be reasonably estimated based on existing information. When a best estimate cannot be made, the minimum loss contingency amount in a probable range is recorded. Legal fees are expensed as incurred. AbbVie accrues for product liability claims on an undiscounted basis. The liabilities are evaluated quarterly and adjusted if necessary as additional information becomes available. Receivables for insurance recoveries for product liability claims, if any, are recorded as assets on an undiscounted basis when it is probable that a recovery will be realized.

Business Combinations

AbbVie utilizes the acquisition method of accounting for business combinations. This method requires, among other things, that results of operations of acquired companies are included in AbbVie's results of operations beginning on the respective acquisition dates and that assets acquired and liabilities assumed are recognized at fair value as of the acquisition date. Any excess of the fair value of consideration transferred over the fair values of the net assets acquired is recognized as goodwill. Contingent consideration liabilities are recognized at the estimated fair value on the acquisition date. Subsequent changes to the fair value of contingent consideration liabilities are recognized in other expense, net in the consolidated statements of earnings. The fair value of assets acquired and liabilities assumed in certain cases may be subject to revision based on the final determination of fair value

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during a period of time not to exceed 12 months from the acquisition date. Legal costs, due diligence costs, business valuation costs and all other business acquisition costs are expensed when incurred.

Goodwill and Intangible Assets

Intangible assets acquired in a business combination are recorded at fair value using a discounted cash flow model. The discounted cash flow model requires assumptions about the timing and amount of future net cash flows, risk, the cost of capital and terminal values of market participants. Definite-lived intangibles are amortized over their estimated useful lives using the estimated pattern of economic benefit. AbbVie reviews the recoverability of definite-lived intangible assets whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable. AbbVie first compares the projected undiscounted cash flows to be generated by the asset to its carrying value. If the undiscounted cash flows of an intangible asset are less than the carrying value, the intangible asset is written down to its fair value. Where cash flows cannot be identified for an individual asset, the review is applied at the lowest level for which cash flows are largely independent of the cash flows of other assets and liabilities.

Goodwill and indefinite-lived assets are not amortized, but are subject to an impairment review annually and more frequently when indicators of impairment exist. An impairment of goodwill could occur if the carrying amount of a reporting unit exceeded the fair value of that reporting unit. An impairment of indefinite-lived intangible assets would occur if the fair value of the intangible asset is less than the carrying value.

The company tests its goodwill for impairment by first assessing qualitative factors to determine whether it is more likely than not that the fair value is less than its carrying amount. If the company concludes it is more likely than not that the fair value of the reporting unit is less than its carrying amount, a quantitative impairment test is performed. AbbVie tests indefinite-lived intangible assets for impairment by first assessing qualitative factors to determine whether it is more likely than not that the fair value is less than its carrying amount. If the company concludes it is more likely than not that the fair value is less than its carrying amount, a quantitative impairment test is performed. For its quantitative impairment tests, the company uses an estimated future cash flow approach that requires significant judgment with respect to future volume, revenue and expense growth rates, changes in working capital use, the selection of an appropriate discount rate, asset groupings and other assumptions and estimates. The estimates and assumptions used are consistent with the company's business plans and a market participant's views. The use of alternative estimates and assumptions could increase or decrease the estimated fair value of the assets and potentially result in different impacts to the company's results of operations. Actual results may differ from the company's estimates.

Acquired In-Process Research and Development

In an asset acquisition, the initial costs to acquire rights to IPR&D projects are expensed as IPR&D in the consolidated statements of earnings unless the project has an alternative future use. These costs include initial payments incurred prior to regulatory approval in connection with research and development collaboration agreements that provide rights to develop, manufacture, market and/or sell pharmaceutical products. In a business combination, the fair value of IPR&D projects acquired are capitalized and accounted for as indefinite-lived intangible assets until the underlying project receives regulatory approval, at which point the intangible asset will be accounted for as a definite-lived intangible asset, or discontinuation, at which point the intangible asset will be written off. R&D costs incurred after the acquisition are expensed as incurred.

Foreign Currency Translation

Foreign subsidiary earnings are translated into U.S. dollars using average exchange rates. The net assets of foreign subsidiaries are translated into U.S. dollars using period-end exchange rates. The U.S. dollar effects that arise from translating the net assets of these subsidiaries at changing rates are recognized in other comprehensive income (loss) in the consolidated statements of comprehensive income. The net assets of subsidiaries in highly inflationary economies are remeasured as if the

functional currency were the reporting currency. The remeasurement is recognized in net foreign exchange loss in the consolidated statements of earnings.

Derivatives

All derivative instruments are recognized as either assets or liabilities at fair value on the consolidated balance sheets and are classified as current or long-term based on the scheduled maturity of the instrument.

For derivatives formally designated as hedges, the company assesses at inception and quarterly thereafter whether the hedging derivatives are highly effective in offsetting changes in the fair value or cash flows of the hedged item. The changes in fair value of a derivative designated as a fair value hedge and of the hedged item attributable to the hedged risk are recognized in earnings immediately. The effective portions of changes in the fair value of a derivative designated as a cash flow hedge are reported in AOCI and are subsequently recognized in earnings consistent with the underlying hedged item. If it is determined that a derivative is no longer highly effective as a hedge, the company discontinues hedge accounting prospectively. If a hedged forecasted transaction becomes probable of not occurring, any gains or losses are reclassified from AOCI to earnings. Derivatives that are not designated as hedges are adjusted to fair value through current earnings.

The company also uses derivative instruments or foreign currency denominated debt to hedge its net investments in certain foreign subsidiaries and affiliates. Realized and unrealized gains and losses from these hedges are included in AOCI.

Derivative cash flows, with the exception of net investment hedges, are principally classified in the operating section of the consolidated statements of cash flows, consistent with the underlying hedged item. Cash flows related to net investment hedges are classified in the investing section of the consolidated statements of cash flows.

Recent Accounting Pronouncements

Recently Adopted Accounting Pronouncements

ASU No. 2019-12

In December 2019, the FASB issued ASU No. 2019-12, *Income Taxes (Topic 740)*. The standard includes simplifications related to accounting for income taxes including removing certain exceptions related to the approach for intraperiod tax allocation and the recognition of deferred tax liabilities for outside basis differences. The standard also clarifies the accounting for transactions that result in a step-up in the tax basis of goodwill. AbbVie adopted the standard in the first quarter of 2021. The adoption did not have a material impact on its consolidated financial statements.

Note 3 Supplemental Financial Information

Interest Expense, Net

years ended December 31 (in millions)	2021	2020	2019
Interest expense	$2,423	$2,454	$1,784
Interest income	(39)	(174)	(275)
Interest expense, net	$2,384	$2,280	$1,509

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Accounts Payable and Accrued Liabilities

as of December 31 (In millions)	2021	2020
Sales rebates	$ 8,254	$ 7,188
Dividends payable	2,543	2,335
Accounts payable	2,882	2,276
Salaries, wages and commissions	1,785	1,669
Royalty and license arrangements	661	483
Other	6,574	6,208
Accounts payable and accrued liabilities	$22,699	$20,159

Other Long-Term Liabilities

as of December 31 (in millions)	2021	2020
Contingent consideration liabilities	$13,638	$12,289
Liabilities for unrecognized tax benefits	5,970	5,680
Income taxes payable	3,442	3,847
Pension and other post-employment benefits	3,153	3,413
Other	2,498	2,378
Other long-term liabilities	$28,701	$27,607

Note 4 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:

	Years ended December 31,		
(in millions, except per share data)	2021	2020	2019
Basic EPS			
Net earnings attributable to AbbVie Inc.	$11,542	$4,616	$7,882
Earnings allocated to participating securities	74	60	40
Earnings available to common shareholders	$11,468	$4,556	$7,842
Weighted average basic shares of common stock outstanding	1,770	1,667	1,481
Basic earnings per share attributable to AbbVie Inc.	$ 6.48	$ 2.73	$ 5.30
Diluted EPS			
Net earnings attributable to AbbVie Inc.	$11,542	$4,616	$7,882
Earnings allocated to participating securities	74	60	40
Earnings available to common shareholders	$11,468	$4,556	$7,842
Weighted average shares of common stock outstanding	1,770	1,667	1,481
Effect of dilutive securities	7	6	3
Weighted average diluted shares of common stock outstanding	1,777	1,673	1,484
Diluted earnings per share attributable to AbbVie Inc.	$ 6.45	$ 2.72	$ 5.28

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 5 Licensing, Acquisitions and Other Arrangements

Acquisition of Allergan

On May 8, 2020, AbbVie completed its acquisition of all outstanding equity interests in Allergan in a cash and stock transaction. Allergan is a global pharmaceutical leader focused on developing, manufacturing and commercializing branded pharmaceutical, device, biologic, surgical and regenerative medicine products for patients around the world. The combination created a diverse entity with leadership positions across immunology, hematologic oncology, aesthetics, neuroscience, eye care and women's health. AbbVie's existing product portfolio and pipeline is enhanced with numerous Allergan assets and Allergan's product portfolio benefits from AbbVie's commercial strength, expertise and international infrastructure. Under the terms of the acquisition, each ordinary share of Allergan common stock was converted into the right to receive (i) $120.30 in cash and (ii) 0.8660 of a share of AbbVie common stock.

Total consideration for the acquisition of Allergan is summarized as follows:

(In millions)	
Cash consideration paid to Allergan shareholders[(a)]	$39,675
Fair value of AbbVie common stock issued to Allergan shareholders[(b)]	23,979
Fair value of AbbVie equity awards issued to Allergan equity award holders[(c)]	430
Total consideration	$64,084

(a) Represents cash consideration transferred of $120.30 per outstanding Allergan ordinary share based on 330 million Allergan ordinary shares outstanding at closing.

(b) Represents the acquisition date fair value of 286 million shares of AbbVie common stock issued to Allergan shareholders based on the exchange ratio of 0.8660 AbbVie shares for each outstanding Allergan ordinary share at the May 8, 2020 closing price of $83.96 per share.

(c) Represents the pre-acquisition service portion of the fair value of 11 million AbbVie stock options and 8 million RSUs issued to Allergan equity award holders.

The acquisition of Allergan has been accounted for as a business combination using the acquisition method of accounting. The acquisition method requires, among other things, that assets acquired and liabilities assumed in a business combination be recognized at their fair values as of the acquisition date. The valuation of assets acquired and liabilities assumed was finalized during the second quarter of 2021. Measurement period adjustments to the preliminary purchase price allocation during 2021 included (i) an increase to intangible assets of $710 million; (ii) an increase to deferred income tax liabilities of $148 million; (iii) other individually insignificant adjustments for a net increase to identifiable net assets of $2 million; and (iv) a corresponding decrease to goodwill of $564 million. The measurement period adjustments primarily resulted from the completion of the valuation of certain license agreement intangible assets based on facts and circumstances that existed as of the acquisition date and did not result from intervening events subsequent to such date. These adjustments did not have a significant impact on AbbVie's results of operations in 2021 and would not have had a significant impact on prior period results if these adjustments had been made as of the acquisition date.

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The following table summarizes the final fair value of assets acquired and liabilities assumed as of the acquisition date:

(in millions)	
Assets acquired and liabilities assumed	
Cash and equivalents	$ 1,537
Short-term investments	1,421
Accounts receivable	2,374
Inventories	2,340
Prepaid expenses and other current assets	1,982
Investments	137
Property and equipment	2,129
Intangible assets	
Definite-lived intangible assets	68,190
In-process research and development	1,600
Other noncurrent assets	1,395
Short-term borrowings	(60)
Current portion of long-term debt and finance lease obligations	(1,899)
Accounts payable and accrued liabilities	(5,852)
Long-term debt and finance lease obligations	(18,937)
Deferred income taxes	(3,940)
Other long-term liabilities	(4,765)
Total identifiable net assets	47,652
Goodwill	16,432
Total assets acquired and liabilities assumed	$ 64,084

The fair value step-up adjustment to inventories of $1.2 billion was amortized to cost of products sold when the inventory was sold to customers and was fully amortized as of December 31, 2021.

Intangible assets relate to $68.2 billion of definite-lived intangible assets and $1.6 billion of IPR&D. The acquired definite-lived intangible assets consist of developed product rights and license agreements and are being amortized over a weighted-average estimated useful life of approximately twelve years using the estimated pattern of economic benefit. The estimated fair values of identifiable intangible assets were determined using the "income approach" which is a valuation technique that provides an estimate of the fair value of an asset based on market participant expectations of the cash flows an asset would generate over its remaining useful life. Some of the more significant assumptions inherent in the development of these asset valuations include the estimated net cash flows for each year for each asset or product, the appropriate discount rate necessary to measure the risk inherent in each future cash flow stream, the life cycle of each asset, the potential regulatory and commercial success risk, competitive trends impacting the asset and each cash flow stream, as well as other factors.

The fair value of long-term debt was determined by quoted market prices as of the acquisition date and the total purchase price adjustment of $1.3 billion is being amortized as a reduction to interest expense, net over the lives of the related debt.

Goodwill was calculated as the excess of the consideration transferred over the net assets recognized and represents the future economic benefits arising from the other assets acquired that could not be individually identified and separately recognized. Specifically, the goodwill recognized from the acquisition of Allergan represents the value of additional growth platforms and an expanded revenue base as well as anticipated operational synergies and cost savings from the creation of a single combined global organization. The goodwill is not deductible for tax purposes.

Following the acquisition date, the operating results of Allergan have been included in the consolidated financial statements. For the period from the acquisition date through December 31,

2020, net revenues attributable to Allergan were $10.3 billion and operating losses attributable to Allergan were $1.1 billion, inclusive of $4.0 billion of intangible asset amortization and $1.2 billion of inventory fair value step-up amortization.

Acquisition-related expenses, which were comprised primarily of regulatory, financial advisory and legal fees, totaled $781 million for the year ended December 31, 2020 and $103 million for the year ended December 31, 2019 which were included in SG&A expenses in the consolidated statements of earnings. In the fourth quarter of 2021, AbbVie recovered certain acquisition-related regulatory fees totaling $401 million which was recorded as a reduction to SG&A expenses in the consolidated statement of earnings for the year ended December 31, 2021.

Pro Forma Financial Information

The following table presents the unaudited pro forma combined results of AbbVie and Allergan for 2020 and 2019 as if the acquisition of Allergan had occurred on January 1, 2019:

years ended December 31 (in millions)	2020	2019
Net revenues	$50,521	$49,028
Net earnings (loss)	6,746	(38)

The unaudited pro forma combined financial information was prepared using the acquisition method of accounting and was based on the historical financial information of AbbVie and Allergan. In order to reflect the occurrence of the acquisition on January 1, 2019 as required, the unaudited pro forma financial information includes adjustments to reflect incremental amortization expense to be incurred based on the final fair values of the identifiable intangible assets acquired; the incremental cost of products sold related to the fair value adjustments associated with acquisition date inventory; the additional interest expense associated with the issuance of debt to finance the acquisition; and the reclassification of acquisition-related costs incurred during the year ended December 31, 2020 to the year ended December 31, 2019. The unaudited pro forma financial information is not necessarily indicative of what the consolidated results of operations would have been had the acquisition been completed on January 1, 2019. In addition, the unaudited pro forma financial information is not a projection of future results of operations of the combined company nor does it reflect the expected realization of any synergies or cost savings associated with the acquisition.

Acquisition of Soliton, Inc.

In December 2021, AbbVie completed its previously announced acquisition of Soliton, Inc. (Soliton). Soliton's RESONIC (Rapid Acoustic Pulse device) has U.S. Food and Drug Administration (FDA) 510(k) clearance for the long-term improvement in the appearance of cellulite up to one year. The transaction was accounted for as a business combination using the acquisition method of accounting. Total consideration transferred allocated to the purchase price consisted of cash consideration of $535 million paid to holders of Soliton common stock, equity-based awards and warrants. As of the transaction date, AbbVie acquired $407 million of intangible assets for developed product rights and assumed deferred tax liabilities totaling $63 million. Other assets and liabilities were insignificant. The acquisition resulted in the recognition of $177 million of goodwill which is not deductible for tax purposes.

Acquisition of Luminera

In October 2020, AbbVie entered into an agreement with Luminera, a privately held aesthetics company based in Israel, to acquire Luminera's full dermal filler portfolio and R&D pipeline including HArmonyCa, a dermal filler intended for facial soft tissue augmentation. The aggregate accounting purchase price of $186 million was comprised of a $122 million upfront cash payment and $64 million for the acquisition date fair value of contingent consideration liabilities, for which AbbVie may owe up to $90 million in future payments upon achievement of certain commercial milestones. The agreement was accounted for as a business combination using the acquisition method of accounting. As of the acquisition date, AbbVie acquired $127 million of intangible assets for in-process research and development and $33 million of intangible assets for developed product rights. Other assets and liabilities

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assumed were insignificant. The acquisition resulted in the recognition of $12 million of goodwill which is not deductible for tax purposes.

Other Licensing & Acquisitions Activity

Cash outflows related to other acquisitions and investments totaled $1.4 billion in 2021, $1.4 billion in 2020 and $1.1 billion in 2019. AbbVie recorded acquired IPR&D charges of $962 million in 2021, $1.2 billion in 2020 and $385 million in 2019. Significant arrangements impacting 2021, 2020 and 2019, some of which require contingent milestone payments, are summarized below.

Calico Life Sciences LLC

In July 2021, AbbVie and Calico Life Sciences LLC (Calico) entered into an extension of their collaboration to discover, develop and bring to market new therapies for patients with age-related diseases, including neurodegeneration and cancer. This is the second collaboration extension and builds on the partnership established in 2014 and extended in 2018. Under the terms of the agreement, AbbVie and Calico will each contribute an additional $500 million and the term is extended for an additional three years. AbbVie's contribution is payable in two equal installments beginning in 2023. Calico will be responsible for research and early development until 2025 and will advance collaboration projects into Phase 2a through 2030. Following completion of the Phase 2a studies, AbbVie will have the option to exclusively license the collaboration compounds. Upon exercise, AbbVie would be responsible for late-stage development and commercial activities. Collaboration costs and profits will be shared equally by both parties post option exercise. During the third quarter of 2021, AbbVie recorded $500 million as other operating expense in the consolidated statement of earnings related to its commitments under the agreement.

TeneoOne and TNB-383B

In September 2021, AbbVie acquired TeneoOne, an affiliate of Teneobio, Inc., and TNB-383B, a BCMA-targeting immunotherapeutic for the potential treatment of relapsed or refractory multiple myeloma (R/R MM). In February 2019, AbbVie and TeneoOne entered a strategic transaction to develop and commercialize TNB-383B, a bispecific antibody that simultaneously targets BCMA and CD3 and is designed to direct the body's own immune system to target and kill BCMA-expressing tumor cells. AbbVie exercised its exclusive right to acquire TeneoOne and TNB-383B based on an interim analysis of an ongoing Phase 1 study and accounted for the transaction as an asset acquisition. Under the terms of the agreement, AbbVie made an exercise payment of $400 million which was recorded to IPR&D in the consolidated statement of earnings in the third quarter of 2021. The agreement also included additional payments of up to $250 million upon the achievement of certain development, regulatory and commercial milestones.

REGENXBIO Inc.

In September 2021, AbbVie and REGENXBIO Inc. (REGENXBIO) entered into a collaboration to develop and commercialize RGX-314, an investigational gene therapy for wet age-related macular degeneration, diabetic retinopathy and other chronic retinal diseases. The collaboration provides AbbVie with an exclusive global license to develop and commercialize RGX-314. REGENXBIO will be responsible for completion of ongoing trials, AbbVie and REGENXBIO will collaborate and share costs of additional trials, and AbbVie will lead the clinical development and commercialization of RGX-314 globally. REGENXBIO and AbbVie will share equally in pre-tax profits from net revenues of RGX-314 in the U.S. and AbbVie will pay REGENXBIO tiered royalties on net revenues outside the U.S. Upon closing in the fourth quarter of 2021, AbbVie made an upfront payment of $370 million to exclusively license RGX-314 which was recorded to IPR&D in the consolidated statement of earnings for the year ended December 31, 2021. The agreement also included additional payments of up to $1.4 billion upon the achievement of certain development, regulatory and commercial milestones.

I-Mab Biopharma

In September 2020, AbbVie and I-Mab Biopharma (I-Mab) entered into a collaboration agreement for the development and commercialization of lemzoparlimab, an anti-CD47 monoclonal antibody

internally discovered and developed by I-Mab for the treatment of multiple cancers. Both companies will collaborate to design and conduct further global clinical trials to evaluate lemzoparlimab. The collaboration provides AbbVie an exclusive global license, excluding greater China, to develop and commercialize lemzoparlimab. The companies will share manufacturing responsibilities with AbbVie being the primary manufacturer for global supply. The agreement also allows for potential collaboration on future CD47-related therapeutic agents, subject to further licenses to explore each other's related programs in their respective territories. The terms of the arrangement include an initial upfront payment of $180 million to exclusively license lemzoparlimab along with a milestone payment of $20 million based on the Phase I results, for a total of $200 million, which was recorded to IPR&D in the consolidated statement of earnings in the fourth quarter of 2020 after regulatory approval of the transaction. In addition, I-Mab will be eligible to receive up to $1.7 billion upon the achievement of certain clinical development, regulatory and commercial milestones, and AbbVie will pay tiered royalties from low-to-mid teen percentages on global net revenues outside of greater China.

Genmab A/S

In June 2020, AbbVie and Genmab A/S (Genmab) entered into a collaboration agreement to jointly develop and commercialize three of Genmab's early-stage investigational bispecific antibody therapeutics and entered into a discovery research collaboration for future differentiated antibody therapeutics for the treatment of cancer. Under the terms of the agreement, Genmab granted to AbbVie an exclusive license to its epcoritamab (DuoBody-CD3xCD20), DuoHexaBody-CD37 and DuoBody-CD3x5T4 programs. For epcoritamab, the companies will share commercial responsibilities in the U.S. and Japan, with AbbVie responsible for further global commercialization. Genmab will record net revenues in the U.S. and Japan, and the parties will share equally in pre-tax profits from these sales. Genmab will receive tiered royalties on remaining global sales. For the discovery research partnership, Genmab will conduct Phase 1 studies for these programs and AbbVie retains the right to opt-in to program development. During 2020, AbbVie made an upfront payment of $750 million, which was recorded to IPR&D in the consolidated statement of earnings. AbbVie could make additional payments of up to $3.2 billion upon the achievement of certain development, regulatory and commercial milestones for all programs.

Reata Pharmaceuticals, Inc.

In October 2019, AbbVie and Reata Pharmaceuticals, Inc. (Reata) entered into an amended and restated license agreement. Under the terms of the agreement, Reata reacquired exclusive development, manufacturing and commercialization rights concerning its proprietary Nrf2 activator product platform originally licensed to AbbVie for territories outside of the United States with respect to bardoxolone methyl and worldwide with respect to omaveloxolone and other next-generation Nrf2 activators. As consideration for the rights reacquired by Reata, AbbVie received a total of $250 million as of December 31, 2020 and $80 million in cash in 2021. Total consideration of $330 million was recognized in other operating (income) expense in the consolidated statement of earnings in 2019. In addition, AbbVie will receive low single-digit, tiered royalties from worldwide sales of omaveloxolone and certain next-generation Nrf2 activators.

Other Arrangements

In addition to the significant arrangements described above, AbbVie entered into several other arrangements resulting in charges to IPR&D of $192 million in 2021, $248 million in 2020 and $385 million in 2019. In connection with the other individually insignificant early-stage arrangements entered into in 2021, AbbVie could make additional payments of up to $5.5 billion upon the achievement of certain development, regulatory and commercial milestones.

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Note 6 Collaborations

The company has ongoing transactions with other entities through collaboration agreements. The following represent the significant collaboration agreements impacting 2021, 2020 and 2019.

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 (BTK) 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:

years ended December 31 (in millions)	2021	2020	2019
United States—Janssen's share of profits (included in cost of products sold)	$2,018	$2,012	$1,803
International—AbbVie's share of profits (included in net revenues)	1,087	1,009	844
Global—AbbVie's share of other costs (included in respective line items)	304	295	321

AbbVie's receivable from Janssen, included in accounts receivable, net, was $294 million at December 31, 2021 and $283 million at December 31, 2020. AbbVie's payable to Janssen, included in accounts payable and accrued liabilities, was $509 million at December 31, 2021 and $562 million at December 31, 2020.

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 SG&A expenses and global development costs as part of 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:

years ended December 31 (in millions)	2021	2020	2019
Genentech's share of profits, including royalties (included in cost of products sold)	$703	$533	$320
AbbVie's share of sales and marketing costs from U.S. collaboration (included in SG&A)	40	46	41
AbbVie's share of development costs (included in R&D)	140	129	128

Note 7 Goodwill and Intangible Assets

Goodwill

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

(in millions)	
Balance as of December 31, 2019	$15,604
Additions[(a)]	17,008
Foreign currency translation adjustments	512
Balance as of December 31, 2020	33,124
Additions[(b)]	177
Measurement period adjustments[(c)]	(564)
Foreign currency translation adjustments and other	(358)
Balance as of December 31, 2021	$32,379

(a) Goodwill additions related to the acquisition of Allergan in the second quarter of 2020 and the acquisition of Luminera in the fourth quarter of 2020 (see Note 5).

(b) Goodwill additions related to the acquisition of Soliton in the fourth quarter of 2021 (see Note 5).

(c) Measurement period adjustments recorded in 2021 related to the acquisition of Allergan (see Note 5).

The company performs its annual goodwill impairment assessment in the third quarter, or earlier if impairment indicators exist. As of December 31, 2021, there were no accumulated goodwill impairment losses.

Intangible Assets, Net

The following table summarizes intangible assets:

	2021			2020		
as of December 31 (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	$88,945	$(18,463)	$70,482	$87,707	$(11,620)	$76,087
License agreements	8,487	(3,688)	4,799	7,828	(2,916)	4,912
Total definite-lived intangible assets	97,432	(22,151)	75,281	95,535	(14,536)	80,999
Indefinite-lived research and development	670	—	670	1,877	—	1,877
Total intangible assets, net	$98,102	$(22,151)	$75,951	$97,412	$(14,536)	$82,876

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Definite-Lived Intangible Assets

The increase in definite-lived intangible assets during 2021 was primarily due to the measurement period adjustments from the completion of the valuation of certain license agreements acquired in the Allergan acquisition as well as the acquisition of Soliton. Refer to Note 5 for additional information regarding these acquisitions and related adjustments. In 2021, AbbVie also reclassified $1.0 billion of indefinite-lived research and development intangible assets to developed product rights upon receiving certain regulatory approvals for Vuity, Qulipta, and HArmonyCa.

Definite-lived intangible assets are amortized over their estimated useful lives, which range between 1 to 16 years with an average of 12 years for developed product rights and 11 years for license agreements. Amortization expense was $7.7 billion in 2021, $5.8 billion in 2020 and $1.6 billion in 2019 and was included in cost of products sold in the consolidated statements of earnings. The anticipated annual amortization expense for definite-lived intangible assets recorded as of December 31, 2021 is as follows:

(in billions)	2022	2023	2024	2025	2026
Anticipated annual amortization expense	$7.2	$7.5	$8.0	$8.4	$7.9

Indefinite-Lived Intangible Assets

Indefinite-lived intangible assets represent acquired IPR&D associated with products that have not yet received regulatory approval. Indefinite-lived intangible assets as of December 31, 2021 primarily relate to the acquisition of Allergan.

The company performs its annual impairment assessment of indefinite-lived intangible assets in the third quarter, or earlier if impairment indicators exist.

In 2019, following the announcement of the decision to terminate the rovalpituzumab tesirine (Rova-T) R&D program, the company recorded an impairment charge of $1.0 billion which represented the remaining value of the IPR&D acquired as part of the 2016 Stemcentrx acquisition. The impairment charge was recorded to R&D expense in the consolidated statements of earnings in 2019.

Note 8 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 of charges through 2022. These costs will 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 associated with the Allergan acquisition integration plan:

	Severance and employee benefits		Other integration	
year ended December 31 (in millions)	2021	2020	2021	2020
Cost of products sold	$ 5	$109	$127	$ 21
Research and development	—	199	102	177
Selling, general and administrative	64	388	289	237
Total charges	$69	$696	$518	$435

The following table summarizes the cash activity in the recorded liability associated with the integration plan:

year ended December 31 (in millions)	Severance and employee benefits	Other integration
Charges	$ 594	$ 435
Payments and other adjustments	(227)	(415)
Accrued balance as of December 31, 2020	$ 367	$ 20
Charges	65	461
Payments and other adjustments	(210)	(448)
Accrued balance as of December 31, 2021	$ 222	$ 33

Other Restructuring

AbbVie continuously evaluates its operations to identify opportunities to optimize its manufacturing and R&D operations, commercial infrastructure and administrative costs and to respond to changes in its business environment. As a result, AbbVie management periodically approves individual restructuring plans to achieve these objectives. In 2021, 2020 and 2019, no such plans were individually significant. Restructuring charges recorded were $59 million in 2021, $60 million in 2020 and $234 million in 2019 and were primarily related to employee severance and contractual obligations. These charges were recorded in cost of products sold, R&D expense and SG&A expenses in the consolidated statements of earnings based on the classification of the affected employees or operations.

The following table summarizes the cash activity in the restructuring reserve for 2021, 2020 and 2019:

(in millions)	
Accrued balance as of December 31, 2018	$ 99
Restructuring charges	219
Payments and other adjustments	(178)
Accrued balance as of December 31, 2019	140
Restructuring charges	58
Payments and other adjustments	(108)
Accrued balance as of December 31, 2020	90
Restructuring charges	54
Payments and other adjustments	(111)
Accrued balance as of December 31, 2021	$ 33

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Note 9 Leases

AbbVie's lease portfolio primarily consists of real estate properties, vehicles and equipment. The following table summarizes the amounts and location of operating and finance leases on the consolidated balance sheets:

as of December 31 (in millions)	Balance sheet caption	2021	2020
Assets			
Operating	Other assets	$762	$ 895
Finance	Property and equipment, net	33	27
Total lease assets		$795	$ 922
Liabilities			
Operating			
Current	Accounts payable and accrued liabilities	$178	$ 175
Noncurrent	Other long-term liabilities	713	832
Finance			
Current	Current portion of long-term debt and finance lease obligations	9	8
Noncurrent	Long-term debt and finance lease obligations	25	21
Total lease liabilities		$925	$1,036

The following table summarizes the lease costs recognized in the consolidated statements of earnings:

years ended December 31 (in millions)	2021	2020	2019
Operating lease cost	$226	$192	$124
Short-term lease cost	56	59	34
Variable lease cost	71	60	62
Total lease cost	$353	$311	$220

Sublease income and finance lease costs were insignificant in 2021, 2020 and 2019.

The following table presents the weighted-average remaining lease term and weighted-average discount rate for operating and finance leases:

years ended December 31	2021	2020	2019
Weighted-average remaining lease term (years)			
Operating	7	8	5
Finance	3	3	3
Weighted-average discount rate			
Operating	2.4%	2.5%	3.9%
Finance	1.1%	1.4%	3.9%

The following table presents supplementary cash flow information regarding the company's leases:

years ended December 31 (in millions)	2021	2020	2019
Cash paid for amounts included in the measurement of lease liabilities			
Operating cash flows from operating leases	$236	$185	$125
Right-of-use assets obtained in exchange for new operating lease liabilities	66	692	26

Finance lease cash flows were insignificant in 2021, 2020 and 2019. Right-of-use assets obtained in exchange for new operating lease liabilities as of December 31, 2020 included $453 million of right-of-use assets acquired in the Allergan acquisition.

The following table summarizes the future maturities of AbbVie's operating and finance lease liabilities as of December 31, 2021:

(in millions)	Operating leases	Finance leases	Total[a]
2022	$179	$ 9	$ 188
2023	162	9	171
2024	126	7	133
2025	105	5	110
2026	91	9	100
Thereafter	317	—	317
Total lease payments	980	39	1,019
Less: Interest	89	5	94
Present value of lease liabilities	$891	$34	$ 925

(a) Lease payments recognized as part of lease liabilities for optional renewal periods are insignificant.

Note 10 Debt, Credit Facilities and Commitments and Contingencies

The following table summarizes long-term debt:

as of December 31 (dollars in millions)	Effective interest rate in 2021[a]	2021	Effective interest rate in 2020[a]	2020
Senior notes issued in 2012				
2.90% notes due 2022	2.97%	$ 3,100	2.97%	$ 3,100
4.40% notes due 2042	4.46%	2,600	4.46%	2,600
Senior notes issued in 2015				
3.20% notes due 2022	3.28%	1,000	3.28%	1,000
3.60% notes due 2025	3.66%	3,750	3.66%	3,750
4.50% notes due 2035	4.58%	2,500	4.58%	2,500
4.70% notes due 2045	4.73%	2,700	4.73%	2,700
Senior notes issued in 2016				
2.30% notes due 2021	2.40%	—	2.40%	1,800
2.85% notes due 2023	2.91%	1,000	2.91%	1,000
3.20% notes due 2026	3.28%	2,000	3.28%	2,000
4.30% notes due 2036	4.37%	1,000	4.37%	1,000
4.45% notes due 2046	4.50%	2,000	4.50%	2,000
Senior Euro notes issued in 2016				
1.375% notes due 2024 (€1,450 principal)	1.46%	1,643	1.46%	1,783
2.125% notes due 2028 (€750 principal)	2.18%	850	2.18%	922
Senior notes issued in 2018				
3.375% notes due 2021	3.51%	—	3.51%	1,250
3.75% notes due 2023	3.84%	1,250	3.84%	1,250
4.25% notes due 2028	4.38%	1,750	4.38%	1,750
4.875% notes due 2048	4.94%	1,750	4.94%	1,750
Senior Euro notes issued in 2019				
0.75% notes due 2027 (€750 principal)	0.86%	850	0.86%	922
1.25% notes due 2031 (€650 principal)	1.30%	737	1.30%	799
Senior notes issued in 2019				
Floating rate notes due May 2021	0.74%	—	1.33%	750
Floating rate notes due November 2021	0.78%	—	1.42%	750
Floating rate notes due 2022	0.99%	750	1.62%	750
2.15% notes due 2021	2.23%	—	2.23%	1,750
2.30% notes due 2022	2.42%	3,000	2.42%	3,000
2.60% notes due 2024	2.69%	3,750	2.69%	3,750
2.95% notes due 2026	3.02%	4,000	3.02%	4,000
3.20% notes due 2029	3.25%	5,500	3.25%	5,500

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as of December 31 (dollars in millions)	Effective interest rate in 2021[a]	2021	Effective interest rate in 2020[a]	2020
4.05% notes due 2039	4.11%	4,000	4.11%	4,000
4.25% notes due 2049	4.29%	5,750	4.29%	5,750
Term loan facilities				
Floating rate notes due 2023	1.23%	—	1.29%	1,000
Floating rate notes due 2023	0.81%	1,000	—%	—
Floating rate notes due 2025	1.36%	2,000	1.42%	2,000
Senior notes acquired in 2020				
5.000% notes due 2021	1.53%	—	1.53%	1,200
3.450% notes due 2022	1.97%	2,878	1.97%	2,878
3.250% notes due 2022	1.92%	1,700	1.92%	1,700
2.800% notes due 2023	2.13%	350	2.13%	350
3.850% notes due 2024	2.07%	1,032	2.07%	1,032
3.800% notes due 2025	2.09%	3,021	2.09%	3,021
4.550% notes due 2035	3.52%	1,789	3.52%	1,789
4.625% notes due 2042	4.00%	457	4.00%	457
4.850% notes due 2044	4.11%	1,074	4.11%	1,074
4.750% notes due 2045	4.20%	881	4.20%	881
Senior Euro notes acquired in 2020				
0.500% notes due 2021 (€750 principal)	0.72%	—	0.72%	922
1.500% notes due 2023 (€500 principal)	0.49%	567	0.49%	615
1.250% notes due 2024 (€700 principal)	0.65%	793	0.65%	861
2.625% notes due 2028 (€500 principal)	1.20%	567	1.20%	615
2.125% notes due 2029 (€550 principal)	1.19%	623	1.19%	677
Other		33		29
Fair value hedges		102		278
Unamortized bond discounts		(130)		(146)
Unamortized deferred financing costs		(251)		(287)
Unamortized bond premiums[b]		954		1,200
Total long-term debt and finance lease obligations		76,670		86,022
Current portion		12,481		8,468
Noncurrent portion		$64,189		$77,554

(a) Excludes the effect of any related interest rate swaps.

(b) Represents unamortized purchase price adjustments of Allergan debt.

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.

In September 2021, the company refinanced its $1.0 billion floating rate three-year term loan. As part of the refinancing, the company repaid the existing $1.0 billion term loan due May 2023 and borrowed $1.0 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.

In September 2021, the company repaid $1.2 billion aggregate principal amount of 5.0% senior notes that were scheduled to mature in December 2021. This repayment was made by exercising, under the terms of the notes, 90-day early redemption at 100% of the principal amount.

In November 2021, the company repaid $1.3 billion aggregate principal amount of 3.375% senior notes and $1.8 billion aggregate principal amount of 2.15% senior notes at maturity. The company also repaid $750 million aggregate principal amount of floating rate senior notes at maturity in November 2021.

In January 2022, the company repaid $2.9 billion aggregate principal amount of 3.450% 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 connection with the acquisition of Allergan, in May 2020, the company borrowed $3.0 billion under a $6.0 billion term loan credit agreement, of which $1.0 billion was outstanding under a floating rate three-year term loan tranche and $2.0 billion outstanding under a floating rate five-year term loan tranche as of December 31, 2021. Subsequent to these borrowings, AbbVie terminated the unused commitments of the lenders under the term loan.

In May 2020, AbbVie completed its previously announced offers to exchange any and all outstanding notes of certain series issued by Allergan for new notes to be issued by AbbVie and cash. Following the settlement of the exchange offers, AbbVie issued $14.0 billion and €3.1 billion of new notes in exchange for the Allergan notes tendered in the exchange offers. The aggregate principal amount of Allergan notes that remained outstanding following the settlement of the exchange offers was approximately $1.5 billion and €635 million. The exchange transaction was accounted for as a modification of the assumed debt instruments.

In May 2020, the company repaid $3.8 billion aggregate principal amount of 2.5% senior notes at maturity.

In September 2020, the company repaid $650 million aggregate principal amount of 3.375% senior notes at maturity.

In November 2020, the company repaid €700 million aggregate principal amount of floating rate senior Euro notes at maturity and $450 million aggregate principal amount of 4.875% senior notes due February 2021 three months prior to maturity.

In September 2019, the company issued €1.4 billion aggregate principal amount of unsecured senior Euro notes. These senior notes rank equally with all other unsecured and unsubordinated indebtedness of the company. AbbVie may redeem the senior notes prior to maturity at a redemption price equal to the principal amount of the senior notes redeemed plus a make-whole premium and may redeem the senior notes at par between one and three months prior to maturity. In connection with the offering, debt issuance costs incurred totaled $9 million and debt discounts totaled $5 million and are being amortized over the respective terms of the notes to interest expense, net in the consolidated statements of earnings. In October 2019, the company used the proceeds to redeem €1.4 billion aggregate principal amount of 0.375% senior Euro notes that were due to mature in November 2019.

In November 2019, the company issued $30.0 billion aggregate principal amount of unsecured senior notes. These senior notes rank equally with all other unsecured and unsubordinated indebtedness of the company. AbbVie may redeem the fixed-rate senior notes prior to maturity at a redemption price equal to the greater of the principal amount or the sum of present values of the remaining scheduled payments of principal and interest on the fixed-rate senior notes to be redeemed plus a make-whole premium. With exception of the fixed-rate notes due 2021 and 2022, AbbVie may also redeem the fixed-rate senior notes at par between one and six months prior to maturity. In connection with the offering, debt issuance costs incurred totaled $173 million and debt discounts totaled $52 million, which are being amortized over the respective terms of the notes to interest expense, net in the consolidated statements of earnings. AbbVie used the net proceeds to fund a portion of the aggregate cash consideration due to Allergan shareholders in connection with the acquisition described in Note 5 and to pay related fees and expenses.

AbbVie has outstanding $4.8 billion aggregate principal amount of unsecured senior notes which were issued in 2018. AbbVie may redeem the senior notes prior to maturity at a redemption price equal to the principal amount of the senior notes redeemed plus a make-whole premium and AbbVie may redeem the senior notes at par between one month and six months prior to maturity.

AbbVie has outstanding €2.2 billion aggregate principal amount of unsecured senior Euro notes which were issued in 2016. AbbVie may redeem the senior notes prior to maturity at a redemption price equal to the principal amount of the senior notes redeemed plus a make-whole premium and AbbVie may redeem the senior notes at par between one and three months prior to maturity.

AbbVie has outstanding $6.0 billion aggregate principal amount of unsecured senior notes which were issued in 2016 and $10.0 billion aggregate principal amount of unsecured senior notes which were issued in 2015. AbbVie may redeem the senior notes, at any time, prior to maturity at a redemption

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price equal to the principal amount of the senior notes redeemed plus a make-whole premium and AbbVie may redeem the senior notes at par between one and six months prior to maturity.

AbbVie has outstanding $5.7 billion aggregate principal amount of unsecured senior notes which were issued in 2012. AbbVie may redeem all of the senior notes of each series, at any time, or some of the senior notes of each series, from time to time, at a redemption price equal to the principal amount of the senior notes redeemed plus a make-whole premium.

At December 31, 2021, the company was in compliance with its senior note covenants and term loan covenants.

Short-Term Borrowings

There were no commercial paper borrowings outstanding as of December 31, 2021 and December 31, 2020. No commercial paper borrowings were issued during 2021. The weighted-average interest rate on commercial paper borrowings was 1.8% in 2020 and 2.5% in 2019.

In August 2019, AbbVie entered into an amended and restated $4.0 billion five-year revolving credit facility that matures in August 2024. This amended facility enables the company to borrow funds on an unsecured basis at variable interest rates and contains various covenants, all of which the company was in compliance with as of December 31, 2021. Commitment fees under AbbVie's revolving credit facilities were insignificant in 2021, 2020 and 2019. No amounts were outstanding under the company's credit facilities as of December 31, 2021 and December 31, 2020.

In March 2019, AbbVie repaid a $3.0 billion 364-day term loan credit agreement that was drawn on in June 2018 and was scheduled to mature in June 2019.

Maturities of Long-Term Debt

The following table summarizes AbbVie's debt maturities as of December 31, 2021:

as of and for the years ending December 31 (in millions)	
2022	$12,428
2023	4,167
2024	7,219
2025	8,771
2026	6,000
Thereafter	37,377
Total obligations and commitments	75,962
Fair value hedges, unamortized bond premiums and discounts, deferred financing costs and finance lease obligations	708
Total long-term debt and finance lease obligations	$76,670

Contingencies and Guarantees

In connection with the separation, AbbVie has indemnified Abbott for all liabilities resulting from the operation of AbbVie's business other than income tax liabilities with respect to periods prior to the distribution date and other liabilities as agreed to by AbbVie and Abbott. AbbVie has no material exposures to off-balance sheet arrangements and no special-purpose entities. In the ordinary course of business, AbbVie has periodically entered into third-party agreements, such as the assignment of product rights, which have resulted in AbbVie becoming secondarily liable for obligations for which AbbVie had previously been primarily liable. Based upon past experience, the likelihood of payments under these agreements is remote.

Note 11 Financial Instruments and Fair Value Measures

Risk Management Policy

The company is exposed to foreign currency exchange rate and interest rate risks related to its business operations. AbbVie's hedging policy attempts to manage these risks to an acceptable level based on the company's judgment of the appropriate trade-off between risk, opportunity and costs. The company uses derivative and nonderivative instruments to reduce its exposure to foreign currency exchange rates. AbbVie also periodically enters into interest rate swaps in which the company agrees to exchange, at specified intervals, the difference between fixed and floating interest amounts calculated by reference to an agreed-upon notional amount. Derivative instruments are not used for trading purposes or to manage exposure to changes in interest rates for investment securities, and none of the company's outstanding derivative instruments contain credit risk related contingent features; collateral is generally not required.

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 $1.1 billion at December 31, 2021 and $1.5 billion at December 31, 2020, 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 December 31, 2021 will be reclassified from 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 resulting in a pre-tax gain of $383 million 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 designed as cash flow hedges with notional amounts totaling $750 million at December 31, 2021 and $2.3 billion at December 31, 2020. 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 loss in the 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 $8.2 billion at December 31, 2021 and $8.6 billion at December 31, 2020.

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 an aggregate principal amount of senior Euro notes designated as net investment hedges of €5.9 billion at December 31, 2021 and €6.6 billion at December 31, 2020. In addition, the company had foreign currency forward exchange contracts designated as net investment hedges with notional amounts totaling €4.3 billion at December 31, 2021 and €971 million at December 31, 2020. 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.

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The company is a party to interest rate swap contracts designated as fair value hedges with notional amounts totaling $4.5 billion at December 31, 2021 and $4.8 billion at December 31, 2020. 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 consolidated balance sheets:

	Fair value—Derivatives in asset position			Fair value—Derivatives in liability position		
as of December 31 (*in millions*)	**Balance sheet caption**	**2021**	**2020**	**Balance sheet caption**	**2021**	**2020**
Foreign currency forward exchange contracts						
Designated as cash flow hedges	Prepaid expenses and other	$ 51	$ 2	Accounts payable and accrued liabilities	$ 2	$ 82
Designated as cash flow hedges	Other assets	—	—	Other long-term liabilities	—	6
Designated as net investment hedges	Prepaid expenses and other	149	—	Accounts payable and accrued liabilities	—	11
Designated as net investment hedges	Other assets	15	—	Other long-term liabilities	—	—
Not designated as hedges	Prepaid expenses and other	26	49	Accounts payable and accrued liabilities	13	33
Interest rate swap contracts						
Designated as cash flow hedges	Prepaid expenses and other	—	—	Accounts payable and accrued liabilities	7	14
Designated as cash flow hedges	Other assets	—	—	Other long-term liabilities	—	20
Designated as fair value hedges	Prepaid expenses and other	—	7	Accounts payable and accrued liabilities	—	—
Designated as fair value hedges	Other assets	26	131	Other long-term liabilities	15	—
Total derivatives		$267	$189		$37	$166

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

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

years ended in December 31 (In millions)	**2021**	**2020**	**2019**
Foreign currency forward exchange contracts			
Designated as cash flow hedges	$ 82	$(71)	$ (5)
Designated as net investment hedges	341	(95)	33
Interest rate swap contracts designated as cash flow hedges	2	(53)	4
Treasury rate lock agreements designated as cash flow hedges	—	—	383

Assuming market rates remain constant through contract maturities, the company expects to reclassify pre-tax gains of $65 million into cost of products sold for foreign currency cash flow hedges, pre-tax losses of $7 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 $577 million in 2021, pre-tax losses of $907 million in 2020 and pre-tax gains of $90 million in 2019.

The following table summarizes the pre-tax amounts and location of derivative instrument net gains (losses) recognized in the consolidated statements of earnings, including the net gains (losses) reclassified out of AOCI into net earnings. See Note 13 for the amount of net gains (losses) reclassified out of AOCI.

years ended December 31 (in millions)	Statement of earnings caption	2021	2020	2019
Foreign currency forward exchange contracts				
Designated as cash flow hedges	Cost of products sold	$ (87)	$ 23	$ 167
Designated as net investment hedges	Interest expense, net	26	18	27
Not designated as hedges	Net foreign exchange loss	(100)	58	(70)
Treasury rate lock agreements designated as cash flow hedges	Interest expense, net	24	24	3
Interest rate swap contracts				
Designated as cash flow hedges	Interest expense, net	(24)	(17)	1
Designated as fair value hedges	Interest expense, net	(127)	365	418
Debt designated as hedged item in fair value hedges	Interest expense, net	127	(365)	(418)

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 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

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The following table summarizes the bases used to measure certain assets and liabilities carried at fair value on a recurring basis on the consolidated balance sheet as of December 31, 2020:

		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	$ 8,449	$2,758	$5,691	$ —
Money market funds and time deposits	12	—	12	—
Debt securities	50	—	50	—
Equity securities	159	149	10	—
Interest rate swap contracts	138	—	138	—
Foreign currency contracts	51	—	51	—
Total assets	$ 8,859	$2,907	$5,952	$ —
Liabilities				
Interest rate swap contracts	$ 34	$ —	$ 34	$ —
Foreign currency contracts	132	—	132	—
Contingent consideration	12,997	—	—	12,997
Total liabilities	$13,163	$ —	$ 166	$12,997

Equity securities primarily consist of investments for which the fair values were determined by using the published market prices 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 the 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. The 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, the probabilities of achieving the milestones, the 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:

	2021		2020	
years ended December 31 (in millions)	Range	Weighted Average[a]	Range	Weighted Average[a]
Discount rate	0.2% - 2.6%	1.7%	0.1% - 2.2%	1.1%
Probability of payment for unachieved milestones	89% - 100%	90%	56% - 92%	64%
Probability of payment for royalties by indication[b]	56% - 100%	96%	56% - 100%	91%
Projected year of payments	2022 - 2034	2027	2021 - 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 December 31, 2021 and 56% to 89% at December 31, 2020.

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 contingent consideration liabilities which are measured using Level 3 inputs:

years ended December 31 (in millions)	2021	2020	2019
Beginning balance	$12,997	$ 7,340	$4,483
Additions[(a)]	—	225	—
Change in fair value recognized in net earnings	2,679	5,753	3,091
Payments	(789)	(321)	(234)
Ending balance	$14,887	$12,997	$7,340

(a) Additions during the year ended December 31, 2020 represent contingent consideration liabilities assumed in the Allergan acquisition as well as contingent consideration resulting from the Luminera acquisition (see Note 5).

The change in fair value recognized in net earnings is recorded in other expense, net in the consolidated statements of earnings. During the year-ended December 31, 2021, the company recorded a $2.7 billion increase in the Skyrizi contingent consideration liability due to higher estimated sales driven by stronger market share uptake, favorable clinical trial results and the passage of time, partially offset by higher discount rates. During the year-ended December 31, 2020, the company recorded a $5.7 billion increase in the Skyrizi contingent consideration liability due to higher estimated future sales driven by stronger market share uptake, lower discount rates, the passage of time and favorable clinical trial results. During the second quarter of 2019, the company recorded a $2.3 billion increase in the Skyrizi contingent consideration liability due to higher probabilities of success, higher estimated future sales and lower discount rates. The higher probabilities of success resulted from the April 2019 regulatory approvals of Skyrizi for the treatment of moderate to severe plaque psoriasis. During the third quarter of 2019, the company recorded a $91 million decrease in the Stemcentrx contingent consideration liability due to the termination of the Rova-T R&D program.

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 December 31, 2021 are shown in the table below:

			Basis of fair value measurement		
(in millions)	Book value	Approximate fair values	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	$—

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The book values, approximate fair values and bases used to measure the approximate fair values of certain financial instruments as of December 31, 2020 are shown in the table below:

			Basis of fair value measurement		
(In millions)	Book value	Approximate fair values	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	$ 34	$ 34	$ —	$ 34	$—
Current portion of long-term debt and finance lease obligations, excluding fair value hedges	$ 8,461	$ 8,542	$ 8,249	$ 293	$—
Long-term debt and finance lease obligations, excluding fair value hedges	77,283	87,761	86,137	1,624	—
Total liabilities	$85,778	$96,337	$94,386	$1,951	$—

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 $149 million as of December 31, 2021 and $102 million as of December 31, 2020. No significant cumulative upward or downward adjustments have been recorded for these investments as of December 31, 2021.

Concentrations of Risk

Of total net accounts receivable, three U.S. wholesalers accounted for 75% as of December 31, 2021 and 72% as of December 31, 2020, 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 37% of AbbVie's total net revenues in 2021, 43% in 2020 and 58% in 2019.

Note 12 Post-Employment Benefits

AbbVie sponsors various pension and other post-employment benefit plans, including defined benefit, defined contribution and termination indemnity plans, which cover most employees worldwide. In addition, AbbVie provides medical benefits, primarily to eligible retirees in the United States and Puerto Rico, through other post-retirement benefit plans. Net obligations for these plans have been reflected on the consolidated balance sheets as of December 31, 2021 and 2020.

The following table summarizes benefit plan information for the global AbbVie-sponsored defined benefit and other post-employment plans:

as of and for the years ended December 31 (in millions)	Defined benefit plans		Other post-employment plans	
	2021	2020	2021	2020
Projected benefit obligations				
Beginning of period	$11,792	$ 8,646	$ 795	$1,050
Service cost	440	370	48	42
Interest cost	237	264	19	34
Employee contributions	2	2	—	—
Amendments	—	—	—	(397)
Actuarial (gain) loss	(8)	1,105	10	40
Benefits paid	(281)	(249)	(22)	(17)
Acquisition	—	1,409	—	43
Other, primarily foreign currency translation adjustments	(176)	245	—	—
End of period	12,006	11,792	850	795
Fair value of plan assets				
Beginning of period	9,702	7,116	—	—
Actual return on plan assets	1,000	979	—	—
Company contributions	376	367	22	17
Employee contributions	2	2	—	—
Benefits paid	(281)	(249)	(22)	(17)
Acquisition	—	1,296	—	—
Other, primarily foreign currency translation adjustments	(144)	191	—	—
End of period	10,655	9,702	—	—
Funded status, end of period	$ (1,351)	$ (2,090)	$(850)	$ (795)
Amounts recognized on the consolidated balance sheets				
Other assets	$ 991	$ 563	$ —	$ —
Accounts payable and accrued liabilities	(13)	(12)	(26)	(23)
Other long-term liabilities	(2,329)	(2,641)	(824)	(772)
Net obligation	$ (1,351)	$ (2,090)	$(850)	$ (795)
Actuarial loss, net	$ 3,504	$ 4,163	$ 461	$ 482
Prior service cost (credit)	5	8	(370)	(408)
Accumulated other comprehensive loss	$ 3,509	$ 4,171	$ 91	$ 74

The projected benefit obligations in the table above included $3.2 billion at December 31, 2021 and $3.5 billion at December 31, 2020, related to international defined benefit plans.

For plans reflected in the table above, the accumulated benefit obligations were $10.5 billion at December 31, 2021 and December 31, 2020.

Information For Pension Plans With An Accumulated Benefit Obligation In Excess Of Plan Assets

as of December 31 (in millions)	2021	2020
Accumulated benefit obligation	$6,395	$7,527
Fair value of plan assets	5,412	6,066

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Information For Pension Plans With A Projected Benefit Obligation In Excess Of Plan Assets

as of December 31 (in millions)	2021	2020
Projected benefit obligation	$7,788	$8,719
Fair value of plan assets	5,447	6,066

The 2021 actuarial gain of $8 million for qualified pension plans and actuarial loss of $10 million for other post-employment plans were primarily driven by an increase in the assumed discount rate offset by change in demographic assumptions from 2020. The 2020 actuarial losses of $1.1 billion for qualified pension plans and $40 million for other post-employment plans were primarily driven by a decrease in the assumed discount rate from 2019.

AbbVie's U.S. pension plan was modified to close the plan to new entrants effective January 1, 2022. In addition, a change to AbbVie's U.S. retiree health benefit plan was approved in 2020 and communicated to employees and retirees in October 2020. Beginning in 2022, Medicare-eligible retirees and Medicare-eligible dependents will choose health care coverage from insurance providers through a private Medicare exchange. AbbVie will continue to provide financial support to Medicare-eligible retirees. This change to the U.S. retiree health benefit plan decreased AbbVie's post-employment benefit obligation and increased AbbVie's unrecognized prior service credit as of December 31, 2020 by $397 million.

In connection with the Allergan acquisition, AbbVie assumed certain post-employment benefit obligations which were recorded at fair value. Upon acquisition in the second quarter of 2020, the excess of projected benefit obligations over the plan assets was recognized as a liability totaling $156 million.

Amounts Recognized in Other Comprehensive Income (Loss)

The following table summarizes the pre-tax losses (gains) included in other comprehensive income (loss):

years ended December 31 (In millions)	2021	2020	2019
Defined benefit plans			
Actuarial loss (gain)	$(345)	$ 701	$1,231
Amortization of prior service cost	(2)	(2)	—
Amortization of actuarial loss	(288)	(227)	(109)
Foreign exchange loss (gain) and other	(27)	56	(6)
Total loss (gain)	$(662)	$ 528	$1,116
Other post-employment plans			
Actuarial loss	$ 10	$ 40	$ 451
Prior service credit	—	(397)	—
Amortization of prior service credit	39	4	—
Amortization of actuarial loss	(32)	(26)	(1)
Total loss (gain)	$ 17	$(379)	$ 450

Net Periodic Benefit Cost

years ended December 31 (in millions)	2021	2020	2019
Defined benefit plans			
Service cost	$ 440	$ 370	$ 269
Interest cost	237	264	259
Expected return on plan assets	(663)	(575)	(474)
Amortization of prior service cost	2	2	—
Amortization of actuarial loss	288	227	109
Net periodic benefit cost	$ 304	$ 288	$ 163
Other post-employment plans			
Service cost	$ 48	$ 42	$ 25
Interest cost	19	34	29
Amortization of prior service credit	(39)	(4)	—
Amortization of actuarial loss	32	26	1
Net periodic benefit cost	$ 60	$ 98	$ 55

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

Weighted-Average Assumptions Used in Determining Benefit Obligations at the Measurement Date

as of December 31	2021	2020
Defined benefit plans		
Discount rate	2.8%	2.4%
Rate of compensation increases	5.2%	4.6%
Cash balance interest crediting rate	2.7%	2.8%
Other post-employment plans		
Discount rate	3.1%	2.8%

The assumptions used in calculating the December 31, 2021 measurement date benefit obligations will be used in the calculation of net periodic benefit cost in 2022.

Weighted-Average Assumptions Used in Determining Net Periodic Benefit Cost

years ended December 31	2021	2020	2019
Defined benefit plans			
Discount rate for determining service cost	2.6%	3.1%	4.0%
Discount rate for determining interest cost	2.2%	3.0%	4.0%
Expected long-term rate of return on plan assets	7.1%	7.1%	7.6%
Expected rate of change in compensation	4.6%	4.6%	4.6%
Cash balance interest crediting rate	2.8%	2.8%	2.8%
Other post-employment plans			
Discount rate for determining service cost	3.0%	3.7%	4.7%
Discount rate for determining interest cost	2.2%	3.2%	4.3%

For the December 31, 2021 post-retirement health care obligations remeasurement, the company assumed a 5.9% pre-65 (2.1% post-65) annual rate of increase in the per capita cost of covered health care benefits. The pre-65 rate was assumed to decrease gradually to 4.5% (1.8% post-65) in 2029 and remain at that level thereafter. For purposes of measuring the 2021 post-retirement health care costs, the company assumed a 6.0% pre-65 (2.3% post-65) annual rate of increase in the per capita cost of covered health care benefits. The pre-65 rate was assumed to decrease gradually to 4.5% (2.0% post-65) for 2029 and remain at that level thereafter.

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Defined Benefit Pension Plan Assets

as of December 31 (in millions)	2021	Basis of fair value measurement: Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Equities				
U.S. large cap[(a)]	$ 1,428	$1,428	$ —	$—
U.S. mid cap[(b)]	198	198	—	—
International[(c)]	458	458	—	—
Fixed income securities				
U.S. government securities[(d)]	228	95	133	—
Corporate debt instruments[(d)]	945	179	766	—
Non-U.S. government securities[(d)]	602	445	157	—
Other[(d)]	273	268	5	—
Absolute return funds[(e)]	100	5	95	—
Real assets	10	10	—	—
Other[(f)]	261	216	45	—
Total	$ 4,503	$3,302	$1,201	$—
Total assets measured at NAV	6,152			
Fair value of plan assets	$10,655			

as of December 31 (in millions)	2020	Basis of fair value measurement: Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Equities				
U.S. large cap[(a)]	$1,143	$1,143	$ —	$—
U.S. mid cap[(b)]	164	164	—	—
International[(c)]	524	524	—	—
Fixed income securities				
U.S. government securities[(d)]	132	18	114	—
Corporate debt instruments[(d)]	854	178	676	—
Non-U.S. government securities[(d)]	544	397	147	—
Other[(d)]	297	294	3	—
Absolute return funds[(e)]	310	4	306	—
Real assets	10	10	—	—
Other[(f)]	252	250	2	—
Total	$4,230	$2,982	$1,248	$—
Total assets measured at NAV	5,472			
Fair value of plan assets	$9,702			

(a) A mix of index funds and actively managed equity accounts that are benchmarked to various large cap indices.

(b) A mix of index funds and actively managed equity accounts that are benchmarked to various mid cap indices.

(c) A mix of index funds and actively managed equity accounts that are benchmarked to various non-U.S. equity indices in both developed and emerging markets.

(d) Securities held by actively managed accounts, index funds and mutual funds.

(e) Primarily funds having global mandates with the flexibility to allocate capital broadly across a wide range of asset classes and strategies, including but not limited to equities, fixed income, commodities, financial futures, currencies and other securities, with objectives to outperform agreed upon benchmarks of specific return and volatility targets.

(f) Investments in cash and cash equivalents.

Equities and registered investment companies having quoted prices are valued at the published market prices. Fixed income securities that are valued using significant other observable inputs are quoted at prices obtained from independent financial service industry-recognized vendors. Investments held in pooled investment funds, common collective trusts or limited partnerships are valued at the net asset value (NAV) practical expedient to estimate fair value. The NAV is provided by the fund administrator and is based on the value of the underlying assets owned by the fund minus its liabilities.

The investment mix of equity securities, fixed income and other asset allocation strategies is based upon achieving a desired return, balancing higher return, more volatile equity securities and lower return, less volatile fixed income securities. Investment allocations are established for each plan and are generally made across a range of markets, industry sectors, capitalization sizes and in the case of fixed income securities, maturities and credit quality. The 2021 target investment allocation for the AbbVie Pension Plan was 62.5% in equity securities, 22.5% in fixed income securities and 15% in asset allocation strategies and other holdings. There are no known significant concentrations of risk in the plan assets of the AbbVie Pension Plan or of any other plans.

The expected return on plan assets assumption for each plan is based on management's expectations of long-term average rates of return to be achieved by the underlying investment portfolio. In establishing this assumption, management considers historical and expected returns for the asset classes in which the plans are invested, as well as current economic and capital market conditions.

Expected Benefit Payments

The following table summarizes total benefit payments expected to be paid to plan participants including payments funded from both plan and company assets:

years ending December 31 (in millions)	Defined benefit plans	Other post-employment plans
2022	$ 293	$ 27
2023	312	30
2024	334	31
2025	356	34
2026	379	36
2027 to 2031	2,291	224

Defined Contribution Plan

AbbVie maintains defined contribution savings plans for the benefit of its eligible employees. The expense recognized for these plans was $267 million in 2021, $191 million in 2020 and $102 million in 2019. AbbVie provides certain other post-employment benefits, primarily salary continuation arrangements, to qualifying employees and accrues for the related cost over the service lives of the employees.

Note 13 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 (2013 ISP). AbbVie grants stock-based awards to eligible employees pursuant to the Amended Plan, which provides for several different forms of benefits, including non-qualified stock

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options, RSUs and various performance-based awards. Under the Amended Plan, a total of 144 million shares of AbbVie common stock have been reserved for issuance as awards to AbbVie employees. The 2013 ISP also facilitated the assumption of certain awards granted under Abbott's incentive stock program, which were adjusted and converted into Abbott and AbbVie stock-based awards as a result of AbbVie's separation from Abbott.

AbbVie measures compensation expense for stock-based awards based on the grant date fair value of the awards and the estimated number of awards that are expected to vest. Forfeitures are estimated based on historical experience at the time of grant and are revised in subsequent periods if actual forfeitures differ from those estimates. Compensation cost for stock-based awards is amortized over the service period, which could be shorter than the vesting period if an employee is retirement eligible. Retirement eligible employees generally are those who are age 55 or older and have at least 10 years of service.

Stock-based compensation expense is principally related to awards issued pursuant to the 2013 ISP and the Amended Plan and is summarized as follows:

years ended December 31 (In millions)	2021	2020	2019
Cost of products sold	$ 46	$ 47	$ 29
Research and development	226	247	171
Selling, general and administrative	420	459	230
Pre-tax compensation expense	692	753	430
Tax benefit	126	131	80
After-tax compensation expense	$566	$622	$350

Realized excess tax benefits associated with stock-based compensation totaled $50 million in 2021, $34 million in 2020 and $15 million in 2019.

Stock Options

Stock options awarded to employees typically have a contractual term of 10 years and generally vest in one-third increments over a three-year period. The exercise price is equal to at least 100% of the market value on the date of grant. The fair value is determined using the Black-Scholes model. The weighted-average grant-date fair values of stock options granted were $16.28 in 2021, $12.14 in 2020 and $12.54 in 2019.

In connection with the Allergan acquisition, during the second quarter of 2020, AbbVie issued 11.2 million stock options to holders of Allergan options as a result of the conversion of such options. These options were fair-valued using a lattice valuation model. Refer to Note 5 for additional information regarding the Allergan acquisition.

The following table summarizes AbbVie stock option activity in 2021:

(options in thousands, aggregate intrinsic value in millions)	Options	Weighted-average exercise price	Weighted-average remaining life (in years)	Aggregate intrinsic value
Outstanding at December 31, 2020	15,691	$ 73.90	4.7	$559
Granted	1,147	105.94		
Exercised	(4,278)	57.77		
Lapsed and forfeited	(186)	105.28		
Outstanding at December 31, 2021	12,374	$ 81.98	4.7	$661
Exercisable at December 31, 2021	9,424	$ 78.03	3.6	$541

The total intrinsic value of options exercised was $239 million in 2021, $186 million in 2020 and $22 million in 2019. The total fair value of options vested during 2021 was $21 million. As of December 31, 2021, $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

RSUs awarded to employees other than senior executives and other key employees generally vest in ratable increments over a three or four-year period. Recipients of these RSUs are entitled to receive dividend equivalents as dividends are declared and paid during the RSU vesting period.

The majority of the equity awards AbbVie grants to its senior executives and other key employees are performance-based. Equity awards granted to senior executives and other key employees consist of a combination of performance-vested RSUs and performance shares as well as non-qualified stock options described above. The performance-vested RSUs have the potential to vest in one-third increments during a three-year performance period. For awards granted in 2021 and 2020, performance is based on AbbVie's return on invested capital relative to a defined peer group of pharmaceutical, biotech and life science companies. For awards granted in 2019, the tranches tied to 2021 performance are based on AbbVie's return on equity relative to a defined peer group of pharmaceutical, biotech and life sciences companies. The recipient may receive one share of AbbVie common stock for each vested award. The performance shares have the potential to vest over a three-year performance period and may be earned based on AbbVie's EPS achievement and AbbVie's total stockholder return (TSR) (a market condition) relative to a defined peer group of pharmaceutical, biotech and life sciences companies. Dividend equivalents on performance-vested RSUs and performance shares accrue during the performance period and are payable at vesting only to the extent that shares are earned.

The weighted-average grant-date fair value of RSUs and performance shares generally is determined based on the number of shares/units granted and the quoted price of AbbVie's common stock on the date of grant. The weighted-average grant-date fair values of performance shares with a TSR market condition are determined using the Monte Carlo simulation model.

The following table summarizes AbbVie RSU and performance share activity for 2021:

(share units in thousands)	Share units	Weighted-average grant date fair value
Outstanding at December 31, 2020	15,918	$ 87.03
Granted	7,556	105.79
Vested	(6,735)	91.63
Forfeited	(1,849)	83.35
Outstanding at December 31, 2021	14,890	$ 94.93

The fair market value of RSUs and performance shares (as applicable) vested was $718 million in 2021, $618 million in 2020 and $371 million in 2019.

In connection with the Allergan acquisition, during the second quarter of 2020, AbbVie issued 8.2 million RSUs to holders of Allergan equity awards based on a conversion factor described in the transaction agreement. Refer to Note 5 for additional information regarding the Allergan acquisition.

As of December 31, 2021, $592 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

Cash dividends declared per common share totaled $5.31 in 2021, $4.84 in 2020 and $4.39 in 2019. The following table summarizes quarterly cash dividends declared during 2021, 2020 and 2019:

2021			2020			2019		
Date Declared	Payment Date	Dividend Per Share	Date Declared	Payment Date	Dividend Per Share	Date Declared	Payment Date	Dividend Per Share
10/29/21	02/15/22	$1.41	10/30/20	02/16/21	$1.30	11/01/19	02/14/20	$1.18
09/10/21	11/15/21	$1.30	09/11/20	11/16/20	$1.18	09/06/19	11/15/19	$1.07
06/17/21	08/16/21	$1.30	06/17/20	08/14/20	$1.18	06/20/19	08/15/19	$1.07
02/18/21	05/14/21	$1.30	02/20/20	05/15/20	$1.18	02/21/19	05/15/19	$1.07

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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 these programs are recorded at acquisition cost, including related expenses and are available for general corporate purposes.

AbbVie repurchased 6 million shares for $670 million in 2021, 8 million shares for $757 million in 2020 and 4 million shares for $300 million in 2019. AbbVie's remaining stock repurchase authorization was $2.5 billion as of December 31, 2021.

Accumulated Other Comprehensive Loss

The following table summarizes the changes in each component of accumulated other comprehensive loss, net of tax, for 2021, 2020 and 2019:

(in millions) (brackets denote losses)	Foreign currency translation adjustments	Net investment hedging activities	Pension and post-employment benefits	Marketable security activities	Cash flow hedging activities	Total
Balance as of December 31, 2018	$ (830)	$ (65)	$(1,722)	$(10)	$ 147	$(2,480)
Other comprehensive income (loss) before reclassifications	(98)	95	(1,330)	12	298	(1,023)
Net losses (gains) reclassified from accumulated other comprehensive loss	—	(21)	87	(2)	(157)	(93)
Net current-period other comprehensive income (loss)	(98)	74	(1,243)	10	141	(1,116)
Balance as of December 31, 2019	(928)	9	(2,965)	—	288	(3,596)
Other comprehensive income (loss) before reclassifications	1,511	(785)	(300)	—	(108)	318
Net losses (gains) reclassified from accumulated other comprehensive loss	—	(14)	198	—	(23)	161
Net current-period other comprehensive income (loss)	1,511	(799)	(102)	—	(131)	479
Balance as of December 31, 2020	583	(790)	(3,067)	—	157	(3,117)
Other comprehensive income (loss) before reclassifications	(1,153)	720	298	—	76	(59)
Net losses (gains) reclassified from accumulated other comprehensive loss	—	(21)	223	—	75	277
Net current-period other comprehensive income (loss)	(1,153)	699	521	—	151	218
Balance as of December 31, 2021	$ (570)	$ (91)	$(2,546)	$ —	$ 308	$(2,899)

Other comprehensive income (loss) for 2021 included foreign currency translation adjustments totaling losses of $1.2 billion and the offsetting impact of net investment hedging activities totaling gains of $699 million, which were principally due to the impact of the weakening of the Euro on the translation of the company's Euro-denominated assets. Other comprehensive income (loss) for 2020 included foreign currency translation adjustments totaling gains of $1.5 billion and the offsetting impact of net investment hedging activities totaling losses of $799 million, which were principally due to the impact of the strengthening of the Euro on the translation of the company's Euro-denominated assets.

Other comprehensive income (loss) for 2019 included pension and post-employment benefit plan losses of $1.2 billion primarily due to an actuarial loss driven by lower discount rates. See Note 12 for additional information.

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

years ended December 31 (in millions) (brackets denote gains)	2021	2020	2019
Net investment hedging activities			
Gains on derivative amount excluded from effectiveness testing[a]	$ (26)	$ (18)	$ (27)
Tax expense	5	4	6
Total reclassifications, net of tax	$ (21)	$ (14)	$ (21)
Pension and post-employment benefits			
Amortization of actuarial losses and other[b]	$283	$251	$ 110
Tax benefit	(60)	(53)	(23)
Total reclassifications, net of tax	$223	$198	$ 87
Cash flow hedging activities			
Losses (gains) on foreign currency forward exchange contracts[c]	$ 87	$ (23)	$(167)
Gains on treasury rate lock agreements[a]	(24)	(24)	(3)
Losses (gains) on interest rate swap contracts[a]	24	17	(1)
Tax expense (benefit)	(12)	7	14
Total reclassifications, net of tax	$ 75	$ (23)	$(157)

(a) Amounts are included in interest expense, net (see Note 11).

(b) Amounts are included in the computation of net periodic benefit cost (see Note 12).

(c) Amounts are included in cost of products sold (see Note 11).

Other

In addition to common stock, AbbVie's authorized capital includes 200 million shares of preferred stock, par value $0.01. As of December 31, 2021, no shares of preferred stock were issued or outstanding.

Note 14 Income Taxes

Earnings Before Income Tax Expense

years ended December 31 (in millions)	2021	2020	2019
Domestic	$ (1,644)	$(4,467)	$ (2,784)
Foreign	14,633	7,865	11,210
Total earnings before income tax expense	$12,989	$ 3,398	$ 8,426

Income Tax Expense

years ended December 31 (in millions)	2021	2020	2019
Current			
Domestic	$1,987	$ 907	$ 102
Foreign	351	194	320
Total current taxes	$2,338	$ 1,101	$ 422
Deferred			
Domestic	$ (839)	$ (58)	$(137)
Foreign	(59)	(2,267)	259
Total deferred taxes	$ (898)	$(2,325)	$ 122
Total income tax expense (benefit)	$1,440	$(1,224)	$ 544

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Effective Tax Rate Reconciliation

years ended December 31	2021	2020	2019
Statutory tax rate	21.0%	21.0%	21.0%
Effect of foreign operations	(5.4)	2.4	(8.4)
U.S. tax credits	(2.8)	(10.6)	(3.3)
Impacts related to U.S. tax reform	—	(1.1)	(1.6)
Non-deductible expenses	0.3	7.2	1.0
Tax law changes and related restructuring	(2.0)	(48.5)	3.1
Tax audit settlements	(0.4)	(5.1)	(4.7)
All other, net	0.4	(1.3)	(0.6)
Effective tax rate	11.1%	(36.0)%	6.5%

The effective income tax rate fluctuates year to year due to the allocation of the company's taxable earnings among jurisdictions, as well as certain discrete factors and events in each year, including changes in tax law, acquisitions and collaborations. The effective income tax rates in 2021, 2020 and 2019 differed from the statutory tax rate 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, changes in enacted tax rates and laws and related restructuring, tax audit settlements and accretion on contingent consideration. The 2020 effective income tax rate included the recognition of a net tax benefit of $1.7 billion related to changes in tax laws and related restructuring, including certain intra-group transfers of intellectual property and deferred tax remeasurement. The effective tax rates for these periods also reflected the benefit from U.S. tax credits principally related to research and development credits, the orphan drug tax credit and Puerto Rico excise tax credits. The Puerto Rico excise tax credits relate to legislation enacted by Puerto Rico that assesses an excise tax on certain products manufactured in Puerto Rico. The tax is levied on gross inventory purchases from entities in Puerto Rico and is included in cost of products sold in the consolidated statements of earnings. The majority of the tax is creditable for U.S. income tax purposes.

The effective income tax rate in 2020 and 2019 included impacts related to U.S. tax reform. The Tax Cuts and Jobs Act (the Act) was signed into law in December 2017, resulting in significant changes to the U.S. corporate tax system, including a one-time transition tax on a mandatory deemed repatriation of earnings of certain foreign subsidiaries that were previously untaxed. The Act also created a minimum tax on certain foreign sourced earnings. The company's accounting policy for the minimum tax on foreign sourced earnings is to report the tax effects on the basis that the minimum tax will be recognized in tax expense in the year it is incurred as a period expense. The effective income tax rates for 2019 also included the effects of Stemcentrx impairment related expenses.

Deferred Tax Assets and Liabilities

as of December 31 (in millions)	2021	2020
Deferred tax assets		
Compensation and employee benefits	$ 937	$ 1,109
Accruals and reserves	667	438
Chargebacks and rebates	837	555
Advance payments	809	324
Net operating losses and other credit carryforwards	10,095	2,765
Other	1,234	1,371
Total deferred tax assets	14,579	6,562
Valuation allowances	(9,391)	(1,203)
Total net deferred tax assets	5,188	5,359
Deferred tax liabilities		
Excess of book basis over tax basis of intangible assets	(4,711)	(5,274)
Excess of book basis over tax basis in investments	(308)	(335)
Other	(904)	(982)
Total deferred tax liabilities	(5,923)	(6,591)
Net deferred tax liabilities	$ (735)	$(1,232)

The decrease in net deferred tax assets is primarily related to the utilization of net operating losses and other carryforwards offset by an increase in advance payments. The decrease in deferred tax liabilities is primarily related to amortization of intangible assets.

In connection with the Allergan acquisition, the company recorded adjustments within the measurement period in 2021 related to foreign net operating losses and other credit carryforwards that are not expected to be realized. The adjustments reflected an increase of $8.2 billion to deferred tax assets and an offsetting increase to valuation allowances, resulting in no net impact to deferred tax assets.

The company had valuation allowances of $9.4 billion as of December 31, 2021 and $1.2 billion as of December 31, 2020. These were principally related to foreign and state net operating losses and other credit carryforwards that are not expected to be realized.

As of December 31, 2021, the company had U.S. federal and state credit carryforwards of $214 million as well as U.S. federal, state and foreign net operating loss carryforwards of $34.4 billion, which will expire at various times through 2041. The remaining U.S. federal and foreign loss carryforwards of $3.2 billion have no expiration.

The Act significantly changed the timing and manner in which earnings of foreign subsidiaries are subject to U.S. tax. Therefore, unremitted foreign earnings subject to the Act's transition tax are not considered indefinitely reinvested. Post-2017 earnings subject to the U.S. minimum tax on foreign sourced earnings or eligible for the 100 percent foreign dividends received deduction are also not considered indefinitely reinvested earnings. However, the company generally considers instances of outside basis differences in foreign subsidiaries that would incur additional U.S. tax upon reversal (e.g., capital gain distribution) to be permanent in duration. The unrecognized tax liability is not practicable to determine.

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Unrecognized Tax Benefits

years ended December 31 (in millions)	2021	2020	2019
Beginning balance	$5,264	$2,661	$2,852
Increase due to acquisition	—	2,674	—
Increase due to current year tax positions	208	91	113
Increase due to prior year tax positions	137	59	499
Decrease due to prior year tax positions	(62)	(7)	(21)
Settlements	(24)	(141)	(749)
Lapse of statutes of limitations	(34)	(73)	(33)
Ending balance	$5,489	$5,264	$2,661

If recognized, the net amount of potential tax benefits that would impact the company's effective tax rate is $5.2 billion in 2021 and $5.0 billion in 2020. Of the unrecognized tax benefits recorded in the table above as of December 31, 2021, AbbVie would be indemnified for approximately $79 million. The "Increase due to current year tax positions" and "Increase due to prior year tax positions" in the table above include amounts related to federal, state and international tax items. "Increase due to acquisition" in the table above includes amounts related to federal, state and international tax items recorded in acquisition accounting related to the Allergan acquisition.

AbbVie recognizes interest and penalties related to income tax matters in income tax expense in the consolidated statements of earnings. AbbVie recognized gross income tax expense of $161 million in 2021, $142 million in 2020 and $51 million in 2019, for interest and penalties related to income tax matters. AbbVie had an accrual for the payment of gross interest and penalties of $803 million at December 31, 2021, $642 million at December 31, 2020 and $191 million at December 31, 2019.

The company is routinely audited by the tax authorities in significant jurisdictions and a number of audits are currently underway. It is reasonably possible during the next 12 months that uncertain tax positions may be settled, which could result in a decrease in the gross amount of unrecognized tax benefits. Due to the potential for resolution of federal, state and foreign examinations and the expiration of various statutes of limitation, the company's gross unrecognized tax benefits balance may change within the next 12 months up to $225 million. All significant federal, state, local and international matters have been concluded for years through 2008. The company believes adequate provision has been made for all income tax uncertainties.

Note 15 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. In May 2020, Perrigo Company and related entities filed a lawsuit against AbbVie and others in the United States District Court for the Eastern District of Pennsylvania, alleging that Abbott's 2011 AndroGel patent lawsuit filed against Perrigo was sham litigation. In October 2020, the Perrigo lawsuit was transferred to the United States District Court for New Jersey. In September 2021, the New Jersey court 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 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, 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. 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

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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, 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 3,130 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 251 of the claims 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 December 2021, a California state court reached a judgment for Allergan and other defendants in the trial of an opioid lawsuit by Orange, Los Angeles, and Santa Clara Counties and the City of Oakland. In December 2021, Allergan reached an agreement to settle a lawsuit brought by the State of New York and two New York counties, which also provides all other New York counties and political subdivisions the opportunity to participate in the 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.

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. In March 2021, in the first of those appeals, the dismissal was affirmed. One of these plaintiffs refiled its lawsuit in New York state court in June 2020 while the appeal of its dismissal in Illinois is pending. In November 2020, the New York Supreme Court for the County of New York dismissed that lawsuit, which is being appealed. 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. The 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 2017 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.

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.

Lawsuits are pending against Allergan and certain of its current and former officers alleging they made misrepresentations and omissions regarding Allergan's former Actavis generics unit and its alleged anticompetitive conduct with other generic drug companies. The lawsuits were filed by Allergan shareholders and consist of three purported class actions and one individual action that have been

consolidated in the U.S. District Court for the District of New Jersey as *In re: Allergan Generic Drug Pricing Securities Litigation*. In July 2021, the parties reached an agreement to settle the class action lawsuits, which received court approval in November 2021.

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

AbbVie Inc. and AbbVie Biotechnology Ltd are seeking to enforce their patent rights relating to adalimumab (a drug AbbVie sells under the trademark Humira). In April 2021 and May 2021, cases were filed in the United States District Court for the Northern District of Illinois against Alvotech hf. AbbVie alleges defendant's proposed biosimilar adalimumab product infringes certain AbbVie patents and seeks declaratory and injunctive relief. In August 2021, the court denied Defendant's motion to dismiss on jurisdictional grounds in the first case; a motion in the second case remains pending. The court has set a trial on a subset of patents for August 2022. The court order provides that Alvotech will stay off the market until that decision. Litigation on the remaining patents is stayed. In October 2021, the May 2021 declaratory judgment action filed by Alvotech hf. and its U.S. subsidiary Alvotech USA, Inc. in the United States Eastern District of Virginia was transferred to the Northern District of Illinois and subsequently dismissed.

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. 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.

Note 16 Segment and Geographic Area 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

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regularly reviewed by the CODM for purposes of assessing performance, allocating resources and planning and forecasting future periods.

Substantially all of AbbVie's net revenues in the United States are to three wholesalers. Outside the United States, products are sold primarily to health care providers or through distributors, depending on the market served. The following tables detail AbbVie's worldwide net revenues:

years ended December 31 (in millions)		2021	2020	2019
Immunology				
Humira	United States	$17,330	$16,112	$14,864
	International	3,364	3,720	4,305
	Total	$20,694	$19,832	$19,169
Skyrizi	United States	$ 2,486	$ 1,385	$ 311
	International	453	205	44
	Total	$ 2,939	$ 1,590	$ 355
Rinvoq	United States	$ 1,271	$ 653	$ 47
	International	380	78	—
	Total	$ 1,651	$ 731	$ 47
Hematologic Oncology				
Imbruvica	United States	$ 4,321	$ 4,305	$ 3,830
	Collaboration revenues	1,087	1,009	844
	Total	$ 5,408	$ 5,314	$ 4,674
Venclexta	United States	$ 934	$ 804	$ 521
	International	886	533	271
	Total	$ 1,820	$ 1,337	$ 792
Aesthetics				
Botox Cosmetic[a]	United States	$ 1,424	$ 687	$ —
	International	808	425	—
	Total	$ 2,232	$ 1,112	$ —
Juvederm Collection[a]	United States	$ 658	$ 318	$ —
	International	877	400	—
	Total	$ 1,535	$ 718	$ —
Other Aesthetics[a]	United States	$ 1,268	$ 666	$ —
	International	198	94	—
	Total	$ 1,466	$ 760	$ —
Neuroscience				
Botox Therapeutic[a]	United States	$ 2,012	$ 1,155	$ —
	International	439	232	—
	Total	$ 2,451	$ 1,387	$ —
Vraylar[a]	United States	$ 1,728	$ 951	$ —
Duodopa	United States	$ 102	$ 103	$ 97
	International	409	391	364
	Total	$ 511	$ 494	$ 461
Ubrelvy[a]	United States	$ 552	$ 125	$ —
Other Neuroscience[a]	United States	$ 667	$ 528	$ —
	International	18	11	—
	Total	$ 685	$ 539	$ —
Eye Care				
Lumigan/Ganfort[a]	United States	$ 273	$ 165	$ —
	International	306	213	—
	Total	$ 579	$ 378	$ —

years ended December 31 (in millions)		2021	2020	2019
Alphagan/Combigan[a]	United States	$ 373	$ 223	$ —
	International	156	103	—
	Total	$ 529	$ 326	$ —
Restasis[a]	United States	$ 1,234	$ 755	$ —
	International	56	32	—
	Total	$ 1,290	$ 787	$ —
Other Eye Care[a]	United States	$ 523	$ 305	$ —
	International	646	388	—
	Total	$ 1,169	$ 693	$ —
Women's Health				
Lo Loestrin[a]	United States	$ 423	$ 346	$ —
	International	14	10	—
	Total	$ 437	$ 356	$ —
Orilissa/Oriahnn	United States	$ 139	$ 121	$ 91
	International	6	4	2
	Total	$ 145	$ 125	$ 93
Other Women's Health[a]	United States	$ 209	$ 181	$ —
	International	5	11	—
	Total	$ 214	$ 192	$ —
Other Key Products				
Mavyret	United States	$ 754	$ 785	$ 1,473
	International	956	1,045	1,420
	Total	$ 1,710	$ 1,830	$ 2,893
Creon	United States	$ 1,191	$ 1,114	$ 1,041
Lupron	United States	$ 604	$ 600	$ 720
	International	179	152	167
	Total	$ 783	$ 752	$ 887
Linzess/Constella[a]	United States	$ 1,006	$ 649	$ —
	International	32	18	—
	Total	$ 1,038	$ 667	$ —
Synthroid	United States	$ 767	$ 771	$ 786
All other		$ 2,673	$ 2,923	$ 2,068
Total net revenues		$56,197	$45,804	$33,266

(a) Net revenues include Allergan product revenues after the acquisition closing date of May 8, 2020.

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Net revenues to external customers by geographic area, based on product shipment destination, were as follows:

years ended December 31 (in millions)	2021	2020	2019
United States	$43,510	$34,879	$23,907
Canada	1,397	1,159	813
Germany	1,223	1,049	909
Japan	1,090	1,198	1,211
France	936	797	695
China	857	471	195
Australia	533	527	395
Spain	519	453	472
Italy	506	379	372
United Kingdom	497	509	372
Brazil	368	406	359
All other countries	4,761	3,977	3,566
Total net revenues	$56,197	$45,804	$33,266

Long-lived assets, primarily net property and equipment, by geographic area were as follows:

as of December 31 (in millions)	2021	2020
United States and Puerto Rico	$3,369	$3,354
Europe	1,400	1,534
All other	341	360
Total long-lived assets	$5,110	$5,248

Note 17 Fourth Quarter Financial Results (unaudited)

quarter ended December 31 (in millions except per share data)	2021
Net revenues	$14,886
Gross margin	10,566
Net earnings attributable to AbbVie Inc.	4,044
Basic earnings per share attributable to AbbVie Inc.	$ 2.27
Diluted earnings per share attributable to AbbVie Inc.	$ 2.26
Cash dividends declared per common share	$ 1.41

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of AbbVie Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of AbbVie Inc. and subsidiaries (the Company) as of December 31, 2021 and 2020, and the related consolidated statements of earnings, comprehensive income, equity and cash flows for each of the three years in the period ended December 31, 2021, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 18, 2022 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

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Sales rebate accruals for Medicaid, Medicare and managed care programs

Description of the Matter

As discussed in Note 2 to the consolidated financial statements under the caption "Revenue Recognition," the Company established provisions for sales rebates in the same period the related product is sold. At December 31, 2021, the Company had $8,254 million in sales rebate accruals, a large portion of which were for rebates provided to pharmacy benefit managers, state government Medicaid programs, insurance companies that administer Medicare drug plans and private entities for Medicaid, Medicare and managed care programs. In order to establish these sales rebate accruals, the Company estimated its rebates based upon the identification of the products subject to a rebate, the applicable price and rebate terms and the estimated lag time between the sale and payment of the rebate.

Auditing the Medicaid, Medicare and managed care sales rebate accruals was complex and required significant auditor judgment because the accruals consider multiple subjective and complex estimates and assumptions. These estimates and assumptions included the estimated inventory in the distribution channel, which impacts the lag time between the sale to the customer and payment of the rebate, and the final payer related to product sales, which impacts the applicable price and rebate terms. In deriving these estimates and assumptions, the Company used both internal and external sources of information to estimate product in the distribution channels, payer mix, prescription volumes and historical experience. Management supplemented its historical data analysis with qualitative adjustments based upon changes in rebate trends, rebate programs and contract terms, legislative changes, or other significant events which indicate a change in the reserve is appropriate.

How We Addressed the Matter in Our Audit

We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company's sales rebate accruals for Medicaid, Medicare and managed care programs. This included testing controls over management's review of the significant assumptions and other inputs used in the estimation of Medicaid, Medicare and managed care rebates, among others, including the significant assumptions discussed above. The testing was inclusive of management's controls to evaluate the accuracy of its reserve judgments to actual rebates paid, rebate validation and processing, and controls to ensure that the data used to evaluate and support the significant assumptions was complete, accurate and, where applicable, verified to external data sources.

To test the sales rebate accruals for Medicaid, Medicare, and managed care programs, our audit procedures included, among others, understanding and evaluating the significant assumptions and underlying data used in management's calculations. Our testing of significant assumptions included corroboration to external data sources. We evaluated the reasonableness of assumptions considering industry and economic trends, product profiles, and other regulatory factors. We assessed the historical accuracy of management's estimates by comparing actual activity to previous estimates and performed analytical procedures, based on internal and external data sources, to evaluate the completeness of the reserves. For Medicaid, we involved a specialist with an understanding of statutory reimbursement requirements to assess the consistency of the Company's calculation methodologies with applicable government regulations and policy.

Valuation of contingent consideration

Description of the Matter

As discussed In Note 2 to the consolidated financial statements under the caption "Business Combinations" and in Note 11 under the caption "Financial Instruments and Fair Value Measures," the Company recognized contingent consideration liabilities at the estimated fair value on the acquisition date in connection with applying the acquisition method of accounting for business combinations. Subsequent changes to the fair value of the contingent consideration liabilities were recorded within the consolidated statement of earnings in the period of change. At December 31, 2021, the Company had $14,887 million in contingent consideration liabilities, which represented a 'Level 3' fair value measurement in the fair value hierarchy due to the significant unobservable inputs used in determining the fair value and the use of management judgment about the assumptions market participants would use in pricing the liabilities.

Auditing the valuation of contingent consideration liabilities was complex and required significant auditor judgment due to the use of a Monte Carlo simulation model and the high degree of subjectivity in evaluating certain assumptions required to estimate the fair value of contingent royalty payments. In particular, the fair value measurement was sensitive to the significant assumptions underlying the estimated amount of future sales of the acquired products. Management utilized its expertise within the industry, including commercial dynamics, trends and utilization, as well as knowledge of clinical development and regulatory approval processes to determine certain of these assumptions.

How We Addressed the Matter in Our Audit

We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company's contingent consideration liabilities process including, among others, management's process to establish the significant assumptions and measure the liability. This included testing controls over management's review of the significant assumptions and other inputs used in the determination of fair value. The testing was inclusive of key management review controls to monitor and evaluate clinical development of the acquired products and estimated future sales, and controls to ensure that the data used to evaluate and support the significant assumptions was complete, accurate and, where applicable, verified to external data sources.

To test the estimated fair value of contingent consideration liabilities, our audit procedures included, among others, inspecting the terms of the executed agreement, assessing the Monte Carlo simulation model used and testing the key contractual inputs and significant assumptions discussed above. We evaluated the assumptions and judgments considering observable industry and economic trends and standards, external data sources and regulatory factors. Estimated amounts of future sales were evaluated for reasonableness in relation to internal and external analyses, clinical development progress and timelines, probability of success benchmarks, and regulatory notices. Our procedures included evaluating the data sources used by management in determining its assumptions and, where necessary, included an evaluation of available information that either corroborated or contradicted management's conclusions. We involved a valuation specialist to assess the Company's Monte Carlo simulation model and to perform corroborative fair value calculations.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2013.

Chicago, Illinois

February 18, 2022

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ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures; Internal Control Over Financial Reporting

Evaluation of disclosure controls and procedures. The Chief Executive Officer, Richard A. Gonzalez, and the Chief Financial Officer, Robert A. Michael, 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 Securities Exchange Act of 1934 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.

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 Securities Exchange Act of 1934) that have materially affected, or are reasonably likely to materially affect, AbbVie's internal control over financial reporting during the quarter ended December 31, 2021.

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.

Management's annual report on internal control over financial reporting. Management of AbbVie is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) under the Securities Exchange Act of 1934. AbbVie's internal control over financial reporting is designed 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 in the United States. However, all internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and reporting.

Management assessed the effectiveness of AbbVie's internal control over financial reporting as of December 31, 2021. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control-Integrated Framework* (2013 framework). Based on that assessment, management concluded that AbbVie maintained effective internal control over financial reporting as of December 31, 2021, based on the COSO criteria.

The effectiveness of AbbVie's internal control over financial reporting as of December 31, 2021 has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their attestation report below, which expresses an unqualified opinion on the effectiveness of AbbVie's internal control over financial reporting as of December 31, 2021.

Report of independent registered public accounting firm. The report of AbbVie's independent registered public accounting firm related to its assessment of the effectiveness of internal control over financial reporting is included below.

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Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of AbbVie Inc.

Opinion on Internal Control over Financial Reporting

We have audited AbbVie Inc. and subsidiaries' internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, AbbVie Inc. and subsidiaries (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of AbbVie Inc. and subsidiaries as of December 31, 2021 and 2020, and the related consolidated statements of earnings, comprehensive income, equity and cash flows for each of the three years in the period ended December 31, 2021, and the related notes and our report dated February 18, 2022 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations on Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP
Chicago, Illinois
February 18, 2022

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PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Incorporated herein by reference are "Information Concerning Director Nominees," "The Board of Directors and its Committees—Committees of the Board of Directors," and "Procedure for Recommendation and Nomination of Directors and Transaction of Business at Annual Meeting" to be included in the 2022 AbbVie Inc. Proxy Statement. The 2022 Definitive Proxy Statement will be filed on or about March 21, 2022. Also incorporated herein by reference is the text found in this Form 10-K under the caption, "Information about Our Executive Officers."

AbbVie's code of business conduct requires all its business activities to be conducted in compliance with all applicable laws, regulations and ethical principles and values. All directors, officers and employees of AbbVie are required to read, understand and abide by the requirements of the code of business conduct applicable to them. AbbVie's code of business conduct is available in the corporate governance section of AbbVie's investor relations website at www.abbvieinvestor.com.

Any waiver of the code of business conduct for directors or executive officers may be made only by AbbVie's audit committee. AbbVie will disclose any amendment to, or waiver from, a provision of the code of conduct for the principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, on its website within four business days following the date of the amendment or waiver. In addition, AbbVie will disclose any waiver from the code of business conduct for the other executive officers and for directors on the website.

AbbVie has a chief ethics and compliance officer who reports to the Vice Chairman, External Affairs and Chief Legal Officer and to the public policy committee. The chief ethics and compliance officer is responsible for overseeing, administering and monitoring AbbVie's compliance program.

ITEM 11. EXECUTIVE COMPENSATION

The material to be included in the 2022 AbbVie Inc. Proxy Statement under the headings "Director Compensation," "Executive Compensation," and "Compensation Committee Report" is incorporated herein by reference. The 2022 Definitive Proxy Statement will be filed on or about March 21, 2022.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

(a) *Equity Compensation Plan Information.*

The following table presents information as of December 31, 2021 about AbbVie's equity compensation plans under which AbbVie common stock has been authorized for issuance:

Plan Category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights[1]	(b) Weighted-average exercise price of outstanding options, warrants and rights[2]	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))[3]
Equity compensation plans approved by security holders	27,264,327	$81.98	74,075,427
Equity compensation plans not approved by security holders	—	—	—
Total	27,264,327	$81.98	74,075,427

(1) Includes 138,085 shares issuable under AbbVie's Incentive Stock Program pursuant to awards granted by Abbott and adjusted into AbbVie awards in connection with AbbVie's separation from Abbott.

(2) The weighted-average exercise price does not include outstanding restricted stock units, restricted stock awards and performance shares that have no exercise price.

(3) Excludes shares issuable upon the exercise of stock options and pursuant to other rights granted under the Stemcentrx 2011 Equity Incentive Plan, which was assumed by AbbVie upon the consummation of its acquisition of Stemcentrx, Inc. As of December 31, 2021, 44,912 options remained outstanding under this plan. The options have a weighted-average exercise price of $17.63. No further awards will be granted under this plan.

(b) *Information Concerning Security Ownership.* Incorporated herein by reference is the material under the heading "Securities Ownership—Securities Ownership of Executive Officers and Directors" in the 2022 AbbVie Inc. Proxy Statement. The 2022 Definitive Proxy Statement will be filed on or about March 21, 2022.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The material to be included in the 2022 AbbVie Inc. Proxy Statement under the headings "The Board of Directors and its Committees," "Corporate Governance Materials," and "Procedures for Approval of Related Person Transactions" is incorporated herein by reference. The 2022 Definitive Proxy Statement will be filed on or about March 21, 2022.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The material to be included in the 2022 AbbVie Inc. Proxy Statement under the headings "Audit Fees and Non-Audit Fees" and "Policy on Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of the Independent Registered Public Accounting Firm" is incorporated herein by reference. The 2022 Definitive Proxy Statement will be filed on or about March 21, 2022.

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PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) *Documents filed as part of this Form 10-K.*

(1) Financial Statements: See Item 8, "Financial Statements and Supplementary Data," on page 48 hereof, for a list of financial statements.

(2) Financial Statement Schedules: All schedules omitted are inapplicable or the information required is shown in the consolidated financial statements or notes thereto.

(3) Exhibits Required by Item 601 of Regulation S-K: The information called for by this paragraph is set forth in Item 15(b) below.

(b) *Exhibits:*

Exhibit Number	Exhibit Description
2.1	*Transaction Agreement, dated as of June 25, 2019, between AbbVie Inc., Allergan plc and Venice Subsidiary, LLC (incorporated by reference to Exhibit 2.1 of the company's Current Report on Form 8-K filed on June 25, 2019).
2.2	*Appendix III to the Rule 2.5 Announcement, dated as of June 25, 2019 (Conditions Appendix) (incorporated by reference to Exhibit 2.2 of the company's Current Report on Form 8-K filed on June 25, 2019).
2.3	*Expenses Reimbursement Agreement, dated as of June 25, 2019, between AbbVie Inc. and Allergan plc (incorporated by reference to Exhibit 2.3 of the company's Current Report on Form 8-K filed on June 25, 2019).
2.4	*Amendment to the Transaction Agreement, dated as of May 5, 2020, between AbbVie Inc., Allergan plc and Venice Subsidiary, LLC (incorporated by reference to Exhibit 2.1 of the company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2020).
3.1	*Amended and Restated Certificate of Incorporation of AbbVie Inc. (incorporated by reference to Exhibit 3.1 of the company's Current Report on Form 8-K filed on January 2, 2013).
3.2	*Amended and Restated By-Laws of AbbVie Inc. (incorporated by reference to Exhibit 3.1 of the company's Current Report on Form 8-K filed on October 22, 2019).
4.1	Description of the company's securities registered pursuant to Section 12 of the Securities Exchange Act of 1934.
4.2	*Indenture dated as of November 8, 2012 between AbbVie Inc. and U.S. Bank National Association (incorporated by reference to Exhibit 4.1 of Amendment No. 5 to the company's Registration Statement on Form 10 filed on November 16, 2012).
4.3	*Supplemental Indenture No. 1 dated as of November 8, 2012 among AbbVie Inc. and U.S. Bank National Association, including forms of notes (incorporated by reference to Exhibit 4.2 of Amendment No. 5 to the company's Registration Statement on Form 10 filed on November 16, 2012).
4.4	*Supplemental Indenture No. 2 dated May 14, 2015, between AbbVie Inc. and U.S. Bank National Association, as trustee, including forms of notes (incorporated by reference to Exhibit 4.1 of the company's Current Report on Form 8-K filed on May 14, 2015).
4.5	*Supplemental Indenture No. 3 dated May 12, 2016, between AbbVie Inc. and U.S. Bank National Association, as trustee, including forms of notes (incorporated by reference to Exhibit 4.1 of the company's Current Report on Form 8-K filed on May 12, 2016).

Exhibit Number	Exhibit Description
4.6	*Supplemental Indenture No. 4, dated as of November 17, 2016, among AbbVie Inc., U.S. Bank National Association, as trustee, Elavon Financial Services DAC, U.K. Branch, as paying agent and Elavon Financial Services DAC, as transfer agent and registrar, including forms of notes (incorporated by reference to Exhibit 4.1 of the company's Current Report on Form 8-K filed on November 17, 2016).
4.7	*Supplemental Indenture No. 5, dated September 18, 2018, between AbbVie Inc. and U.S. Bank National Association, as trustee, including forms of notes (incorporated by reference to Exhibit 4.2 of the company's Current Report on Form 8-K filed on September 18, 2018).
4.8	*Supplemental Indenture No. 6, dated September 26, 2019, among AbbVie Inc., U.S. Bank National Association, as trustee, transfer agent and registrar, and Elavon Financial Services DAC, UK Branch, as paying agent, including forms of notes (incorporated by reference to Exhibit 4.2 of the company's Current Report on Form 8-K filed on September 26, 2019).
4.9	*Supplemental Indenture No. 7, dated November 21, 2019, by and between AbbVie Inc. and U.S. Bank National Association, as trustee, including forms of notes (incorporated by reference to Exhibit 4.2 of the company's Current Report on Form 8-K filed on November 26, 2019).
4.10	*Supplemental Indenture No. 8, dated May 14, 2020, by and between AbbVie Inc. and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.2 of the company's Current Report on Form 8-K filed on May 14, 2020).
4.11	*Supplemental Indenture No. 9, dated May 14, 2020, among AbbVie Inc., U.S. Bank and National Association, as trustee, transfer agent and registrar, and Elavon Financial Services DAC, U.K. Branch, as paying agent (incorporated by reference to Exhibit 4.15 of the company's Current Report on Form 8-K filed on May 14, 2020).
4.12	*Agency Agreement, dated as of November 17, 2016, among AbbVie Inc., U.S. Bank National Association, as trustee, Elavon Financial Services DAC, U.K. Branch, as paying agent and Elavon Financial Services DAC, as transfer agent and registrar (incorporated by reference to Exhibit 4.2 of the company's Current Report on Form 8-K filed on November 17, 2016).
4.13	*Agency Agreement, dated September 26, 2019, among AbbVie Inc., U.S. Bank National Association, as trustee, transfer agent and registrar, and Elavon Financial Services DAC, U.K. Branch, as paying agent (incorporated by reference to Exhibit 4.3 of the company's Current Report on Form 8-K filed on September 26, 2019).
4.14	*Registration Rights Agreement, dated November 21, 2019, among AbbVie Inc. and Morgan Stanley & Co. LLC, BofA Securities, Inc. and Barclays Capital Inc. (acting for themselves and as representatives of the several initial purchasers) (incorporated by reference to Exhibit 4.13 of the company's Current Report on Form 8-K filed on November 26, 2019).
4.15	*Agency Agreement, dated May 14, 2020, among AbbVie Inc., U.S. Bank National Association, as trustee, transfer agent and registrar, and Elavon Financial Services DAC, U.K. Branch, as paying agent and calculation agent (incorporated by reference to Exhibit 4.16 of the company's Current Report on Form 8-K filed on May 14, 2020).
4.16	*Registration Rights Agreement, dated May 14, 2020, among AbbVie Inc. and Morgan Stanley & Co. LLC, BofA Securities, Inc., Citigroup Global Markets Inc., BNP Paribas Securities Corp., HSBC Securities (USA) Inc., Mizuho Securities USA LLC and Wells Fargo Securities, LLC (incorporated by reference to Exhibit 4.23 of the company's Current Report on Form 8-K filed on May 14, 2020).
10.1	*Form of Agreement Regarding Change in Control by and between AbbVie Inc. and its named executive officers (incorporated by reference to Exhibit 10.13 of Amendment No. 5 to the Company's Registration Statement on Form 10 filed on November 16, 2012).**

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Exhibit Number	Exhibit Description
10.2	*AbbVie 2013 Amended and Restated Incentive Stock Program (incorporated by reference to Appendix C to the AbbVie Inc. Definitive Proxy Statement on Schedule 14A dated March 22, 2021).**
10.3	AbbVie Performance Incentive Plan, as amended and restated.**
10.4	*AbbVie Deferred Compensation Plan, as amended and restated (incorporated by reference to Exhibit 10.5 of the company's Annual Report on Form 10-K for the fiscal year ended December 31, 2016).**
10.5	AbbVie Supplemental Pension Plan, as amended and restated.**
10.6	AbbVie Supplemental Savings Plan, as amended and restated. **
10.7	*Form of AbbVie Inc. Non-Qualified Stock Option Agreement (incorporated by reference to Exhibit 10.7 of the company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2013).**
10.8	*Form of AbbVie Inc. Non-Employee Director Restricted Stock Unit Agreement (incorporated by reference to Exhibit 10.1 of the company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2016).**
10.9	*Form of AbbVie Inc. Non-Qualified Stock Option Agreement (incorporated by reference to Exhibit 10.2 of the company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2016).**
10.10	*Form of AbbVie Inc. Non-Employee Director Restricted Stock Unit Agreement (incorporated by reference to Exhibit 10.1 of the company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2017).**
10.11	*Form of AbbVie Inc. Non-Qualified Stock Option Agreement (incorporated by reference to Exhibit 10.2 of the company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2017).**
10.12	*Form of AbbVie Inc. Non-Employee Director RSU Agreement (US) (incorporated by reference to Exhibit 10.3 of the company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2018).**
10.13	*Form of AbbVie Inc. Non-Qualified Stock Option Agreement (incorporated by reference to Exhibit 10.4 of the company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2018).**
10.14	*Form of AbbVie Inc. Performance Share Award Agreement (incorporated by reference to Exhibit 10.2 of the company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2019).**
10.15	*Form of AbbVie Inc. Performance-Vested Restricted Stock Unit Agreement (incorporated by reference to Exhibit 10.1 of the company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2019).**
10.16	*AbbVie Non-Employee Directors' Fee Plan, as amended and restated (incorporated by reference to Exhibit 10.6 of the company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2020).**
10.17	*Form of AbbVie Inc. Non-Employee Director RSU Agreement (US) (incorporated by reference to Exhibit 10.3 of the company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2019).**
10.18	*Form of AbbVie Inc. Non-Qualified Stock Option Agreement (incorporated by reference to Exhibit 10.4 of the company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2019).**
10.19	*Form of AbbVie Inc. Performance Share Award Agreement (incorporated by reference to Exhibit 10.2 of the company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2020).**

Exhibit Number	Exhibit Description
10.20	*Form of AbbVie Inc. Performance-Vested Restricted Stock Unit Agreement (incorporated by reference to Exhibit 10.1 of the company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2020).**
10.21	*Form of AbbVie Inc. Non-Employee Director RSU Agreement (US) (incorporated by reference to Exhibit 10.3 of the company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2020).**
10.22	*Form of AbbVie Inc. Non-Qualified Stock Option Agreement (incorporated by reference to Exhibit 10.4 of the company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2020).**
10.23	*Pharmacyclics, Inc. 2014 Equity Incentive Award Plan (incorporated by reference to Exhibit 4.1 of the company's Registration Statement on Form S-8 filed on May 27, 2015).**
10.24	*Amended and Restated Revolving Credit Agreement, dated as of August 27, 2019, among AbbVie Inc., the lenders and other parties party thereto and JPMorgan Chase Bank, N.A., as administrative agent (incorporated by reference to Exhibit 10.1 of the company's Current Report on Form 8-K filed on August 30, 2019).
10.25	*364-Day Bridge Credit Agreement, dated as of June 25, 2019, among AbbVie Inc., Morgan Stanley Senior Funding, Inc. and the lenders party thereto (incorporated by reference to Exhibit 10.1 of the company's Current Report on Form 8-K filed on June 25, 2019).
10.26	*Underwriting Agreement, dated September 17, 2019, among AbbVie Inc. and Morgan Stanley & Co. International plc, HSBC Bank plc and Merrill Lynch International (acting for themselves and as representatives of the several underwriters named therein) (incorporated by reference to Exhibit 1.1 of the company's Current Report on Form 8-K filed on September 23, 2019).
10.27	*Purchase Agreement, dated November 12, 2019, among AbbVie Inc. and Morgan Stanley & Co. LLC, BofA Securities, Inc. and Barclays Capital Inc. (acting for themselves and as representatives of the several initial purchasers named therein) (incorporated by reference to Exhibit 1.1 of the company's Current Report on Form 8-K filed on November 13, 2019).
10.28	*Form of AbbVie Inc. Performance-Vested Restricted Stock Unit Agreement (incorporated by reference to Exhibit 10.1 of the company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2021). **
10.29	*Form of AbbVie Inc. Performance Share Award Agreement (incorporated by reference to Exhibit 10.2 of the company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2021).**
10.30	*Form of AbbVie Inc. Non-Employee Director RSU Agreement (US) (incorporated by reference to Exhibit 10.3 of the company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2021).**
10.31	*Form of AbbVie Inc. Non-Qualified Stock Option Agreement (incorporated by reference to Exhibit 10.4 of the company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2021).**
10.32	*Form of AbbVie Inc. Retention RSU Agreement—Ratable Vesting (incorporated by reference to Exhibit 10.5 of the company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2021).**
21	Subsidiaries of AbbVie Inc.
23	Consent of Independent Registered Public Accounting Firm.
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)).

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Exhibit Number	Exhibit Description
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. Annual Report on Form 10-K for the year ended December 31, 2021 filed on February 18, 2022, formatted in Inline XBRL (eXtensible Business Reporting Language): (i) Consolidated Statements of Earnings; (ii) Consolidated Statements of Comprehensive Income; (iii) Consolidated Balance Sheets; (iv) Consolidated Statements of Equity; (v) Consolidated Statements of Cash Flows; and (vi) the Notes to Consolidated Financial Statements.
104	Cover Page Interactive Data File (the cover page from the AbbVie Inc. Annual Report on Form 10-K formatted as Inline XBRL and contained in Exhibit 101).
	The AbbVie Inc. 2021 Definitive Proxy Statement will be filed with the Securities and Exchange Commission under separate cover on or about March 21, 2022.

* Incorporated herein by reference. Commission file number 001-35565.

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

Exhibits 32.1 and 32.2, above, are furnished herewith and should not be deemed to be "filed" under the Securities Exchange Act of 1934. AbbVie will furnish copies of any of the above exhibits to a stockholder upon written request to the Secretary, AbbVie Inc., 1 North Waukegan Road, North Chicago, Illinois 60064.

ITEM 16. FORM 10-K SUMMARY

None.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, AbbVie Inc. has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

AbbVie Inc.

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

Date: February 18, 2022

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of AbbVie Inc. on February 18, 2022 in the capacities indicated below.

/s/ RICHARD A. GONZALEZ
Richard A. Gonzalez
Chairman of the Board and Chief Executive Officer
(Principal Executive Officer)

/s/ ROBERT A. MICHAEL
Robert A. Michael
Vice Chairman, Finance and Commercial Operations and Chief Financial Officer
(Principal Financial Officer)

/s/ BRIAN L. DURKIN
Brian L. Durkin
Vice President, Controller
(Principal Accounting Officer)

/s/ ROBERT J. ALPERN, M.D.
Robert J. Alpern, M.D.
Director of AbbVie Inc.

/s/ ROXANNE S. AUSTIN
Roxanne S. Austin
Director of AbbVie Inc.

/s/ WILLIAM H.L. BURNSIDE
William H.L. Burnside
Director of AbbVie Inc.

/s/ THOMAS C. FREYMAN
Thomas C. Freyman
Director of AbbVie Inc.

/s/ BRETT J. HART
Brett J. Hart
Director of AbbVie Inc.

/s/ EDWARD M. LIDDY
Edward M. Liddy
Director of AbbVie Inc.

/s/ MELODY B. MEYER
Melody B. Meyer
Director of AbbVie Inc.

/s/ EDWARD J. RAPP
Edward J. Rapp
Director of AbbVie Inc.

/s/ REBECCA B. ROBERTS
Rebecca B. Roberts
Director of AbbVie Inc.

/s/ GLENN F. TILTON
Glenn F. Tilton
Director of AbbVie Inc.

/s/ FREDERICK H. WADDELL
Frederick H. Waddell
Director of AbbVie Inc.

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Notice of 2022 Annual Meeting of Stockholders

abbvie

To the stockholders of our company:

You are cordially invited to attend the 2022 Annual Meeting of Stockholders to be held on May 6, 2022, where we will be voting on the below matters. You will be able to attend the Annual Meeting, vote, and submit questions via live webcast by visiting **www.virtualshareholdermeeting.com/ABBV2022**.

Items of business

- To elect four directors to hold office until the 2025 Annual Meeting or until their successors are elected.
- To ratify the appointment of Ernst & Young LLP as AbbVie's independent registered public accounting firm for 2022.
- To vote on an advisory basis on the approval of executive compensation.
- To vote on a management proposal to eliminate supermajority voting.
- To consider any other matters that may properly come before the meeting, including four stockholder proposals, if presented during the meeting.

Your vote is important.
Please vote promptly using one of the methods mentioned below:

Internet
Visit www.proxyvote.com to vote online.

Mail
Sign and return your proxy card in the enclosed envelope if you received a printed version of the proxy card.

Telephone
Call toll-free 1-800-690-6903 in the U.S. and Canada.

At the virtual meeting
To be admitted to the virtual meeting, you must enter the control number found on your proxy card, voting instructions form, or notice you received.

The Annual Meeting of Stockholders of AbbVie Inc. (the "Annual Meeting") will be held on Friday, May 6, 2022 at 9:00 a.m. CT. This year's Annual Meeting will be a virtual meeting of stockholders.

DATE AND TIME:
Friday, May 6, 2022
9:00 a.m. CT

WHERE:
Via live webcast online at www.virtualshareholdermeeting.com/ABBV2022.

ADMISSION:
Stockholders of record at the close of business on March 7, 2022 are entitled to notice of and to vote at the annual meeting.

Thank you for your continued support of and interest in the company.

By Order of the Board of Directors,

Laura J. Schumacher

Secretary
March 21, 2022

abbvie

TABLE OF CONTENTS

PROXY SUMMARY 1
- About the Meeting 1
- Who We Are 2
- Our Business Performance 3
- Our Governance Highlights 6
- Our ESG Highlights 8
- Executive Compensation Highlights 12

INFORMATION CONCERNING DIRECTOR NOMINEES 13

THE BOARD OF DIRECTORS AND ITS COMMITTEES 20

COMMUNICATING WITH THE BOARD OF DIRECTORS 26

DIRECTOR COMPENSATION 27

SECURITIES OWNERSHIP 29

EXECUTIVE COMPENSATION 31
- Compensation Discussion and Analysis 31
- Compensation Committee Report 49
- Compensation Risk Assessment 49
- Summary Compensation Table 51
- 2021 Grants of Plan-Based Awards 54
- 2021 Outstanding Equity Awards at Fiscal Year End 56
- 2021 Option Exercises and Stock Vested 58
- Potential Payments upon Termination or Change in Control 62

RATIFICATION OF ERNST & YOUNG LLP AS ABBVIE'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM 65

AUDIT INFORMATION 66
- Audit Fees and Non-Audit Fees 66
- Policy on Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of the Independent Registered Public Accounting Firm 66
- Audit Committee Report 67

SAY ON PAY—ADVISORY VOTE ON THE APPROVAL OF EXECUTIVE COMPENSATION 68

MANAGEMENT PROPOSAL TO ELIMINATE SUPERMAJORITY VOTING 69

STOCKHOLDER PROPOSALS 71
- Stockholder Proposal on Independent Chair 71
- Stockholder Proposal on Termination Pay 73
- Stockholder Proposal on Report on Board Oversight of Competition Practices 75
- Stockholder Proposal on Political Spending 77

ADDITIONAL INFORMATION 80

INFORMATION ABOUT THE ANNUAL MEETING 84
- Who Can Vote 84
- Notice and Access 84
- Voting by Proxy 84
- Revoking a Proxy 84
- Discretionary Voting Authority 84
- Quorum and Vote Required to Approve Each Item on the Proxy 84
- Effect of Broker Non-Votes and Abstentions 85
- Inspectors of Election 85
- Cost of Soliciting Proxies 85
- AbbVie Savings Plan 85

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PROXY SUMMARY

About the Meeting

The accompanying proxy is solicited on behalf of the Board of Directors for use at the Annual Meeting of Stockholders. This summary highlights selected information in the proxy statement. Please review the entire proxy statement and the AbbVie 2021 Annual Report before voting. The voting items expected to be proposed at the meeting are listed below along with the board's voting recommendations.

2022 Annual Meeting of Stockholders Information

Date and Time: Friday, May 6, 2022 at 9:00 a.m. CT

Place: Via live webcast online at www.virtualshareholdermeeting.com/ABBV2022

Record Date: March 7, 2022

Proposal 1: Election of Directors — FOR Each Nominee

William H.L. Burnside Brett J. Hart
Thomas C. Freyman Edward J. Rapp

Each of the nominees has the skills and experience necessary to fulfill his or her oversight role with respect to AbbVie's business and culture. See pages 14-19 for more information about the qualifications of our directors.

Proposal 2: Ratification of Independent Auditor — FOR

Ernst & Young LLP has served as our independent auditor since 2013. The board and the audit committee believe it is in the best interests of the company and its stockholders to retain Ernst & Young LLP as the company's independent auditor. See page 65 for more information.

Proposal 3: Say on Pay – Advisory Vote on Executive Compensation — FOR

AbbVie's compensation program aligns executive interests with the drivers of long-term, sustainable growth. Our program balances short- and long-term strategic objectives and directly links compensation to stockholder value. See pages 31-64 for more information.

Proposal 4: Management Proposal to Eliminate Supermajority Voting — FOR

AbbVie is again seeking stockholder approval to eliminate supermajority voting thresholds in our charter and by-laws. See pages 69-70 for more information.

Stockholder Proposals

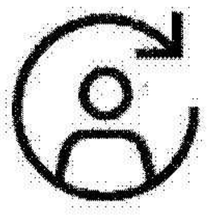
Proposal 5: Stockholder Proposal on Independent Chair — AGAINST

Proposal 6: Stockholder Proposal on Termination Pay — AGAINST

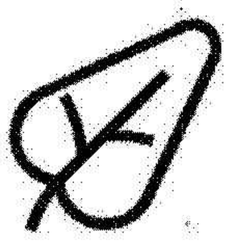
Proposal 7: Stockholder Proposal on Report on Board Oversight of Competition Practices — AGAINST

Proposal 8: Stockholder Proposal on Political Spending — AGAINST

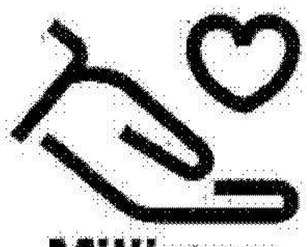
Who We Are



~ 50,000
employees
worldwide



Launched in
2013



Millions
of patient lives
touched

In more than 70 countries, AbbVie employees are working every day to advance health solutions for people around the world.

AbbVie is a global, research-based biopharmaceutical company. 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.

At AbbVie, we care deeply for patients and customers, their families, our employees, and our communities. Our products and pipeline help us make a remarkable impact on our stakeholders and beyond. Our products help patients in over 175 countries around the world.

On May 8, 2020, AbbVie completed the acquisition of Allergan plc (Allergan). The acquisition of Allergan created a diversified biopharmaceutical company positioned for success with a comprehensive product portfolio that has leadership positions in key therapeutic areas of immunology, hematologic oncology, aesthetics, neuroscience, and eye care.

Since our inception as an independent company in 2013, we have invested over $50 billion in research and development. At AbbVie, research and development centers around the patient, from understanding disease biology to treatment delivery, clinical trials, and beyond. We combine our experience pioneering scientific breakthroughs, the best ideas in science, and advanced technologies to develop the next generation of medicines.

Globally, our employees represent diverse backgrounds and perspectives, and our company values treating everyone equally, with dignity and respect, which we believe allows us to achieve our best. We proudly do our part to serve and support our communities and protect the environment to make a lasting impact on health care and beyond.

AbbVie's Principles are foundational:

Transforming Lives
We inspire hope and transform lives every day. We make decisions based on our deep caring and compassion for people, delivering a lasting impact to our patients, their families, our employees and the community.

Acting with Integrity
We strive to always do the right thing. With uncompromising integrity at the heart of everything we do, we pursue the highest standards in quality, compliance, safety and performance.

Driving Innovation
We innovate relentlessly in everything we do to tackle unmet needs. We invest in the discovery and development of new medicines and healthcare approaches for a healthier world.

Embracing Diversity & Inclusion
We treat everyone equally, with dignity and respect. Around the world, our employees embrace diverse backgrounds and perspectives, which allows us all to achieve our best.

Serving the Community
We are proud to serve and support the community and do our part to protect the environment. We make a remarkable impact that's felt within healthcare and beyond.

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Our Business Performance

AbbVie has delivered robust financial results since our launch in 2013

14.7%
Adjusted net revenues
- compound annual growth rate (CAGR)*

474.7%
9 year total stockholder return

21
Major product or indication approvals

~$185BN
Increase in market capitalization
- added significant stockholder value

19.1%
Adjusted diluted earnings per share - compound annual growth rate*

>250%
Increase in quarterly dividend
- raised quarterly dividend to $1.41 per share from $0.40 per share at inception

1,400 bps
Operating margin expansion, adjusted*

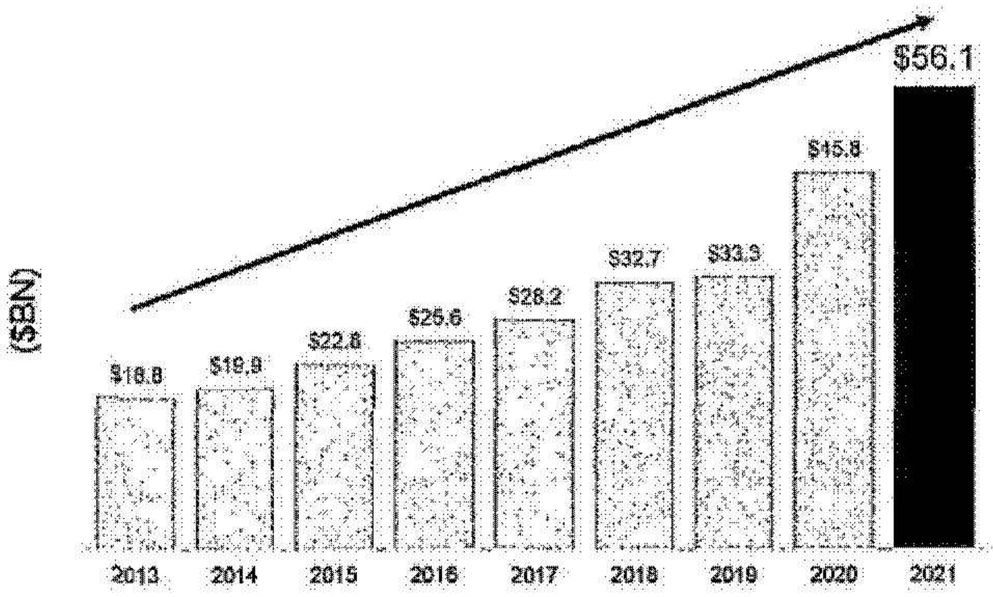
~90
Active clinical development programs**
- *focused on immunology, oncology, aesthetics,* neuroscience, and eye care

The measures set forth above were calculated as of December 31, 2021.

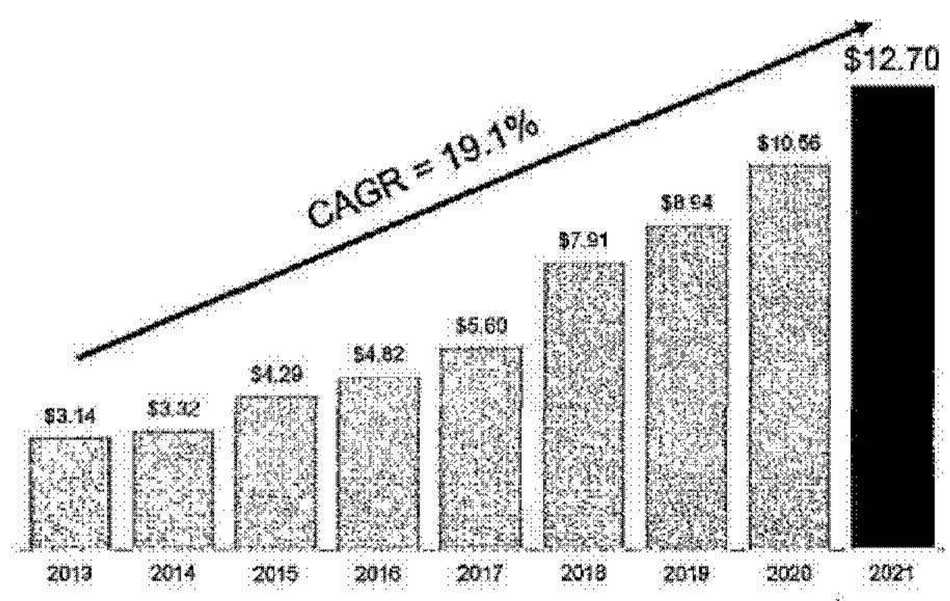
*Net revenues, diluted earnings per share, and operating margin are adjusted to exclude certain specified items and are non-GAAP measures, which are reconciled in Appendix B.

**In development individually or under collaboration or license agreements

Adjusted Net Revenues*



Adjusted EPS*



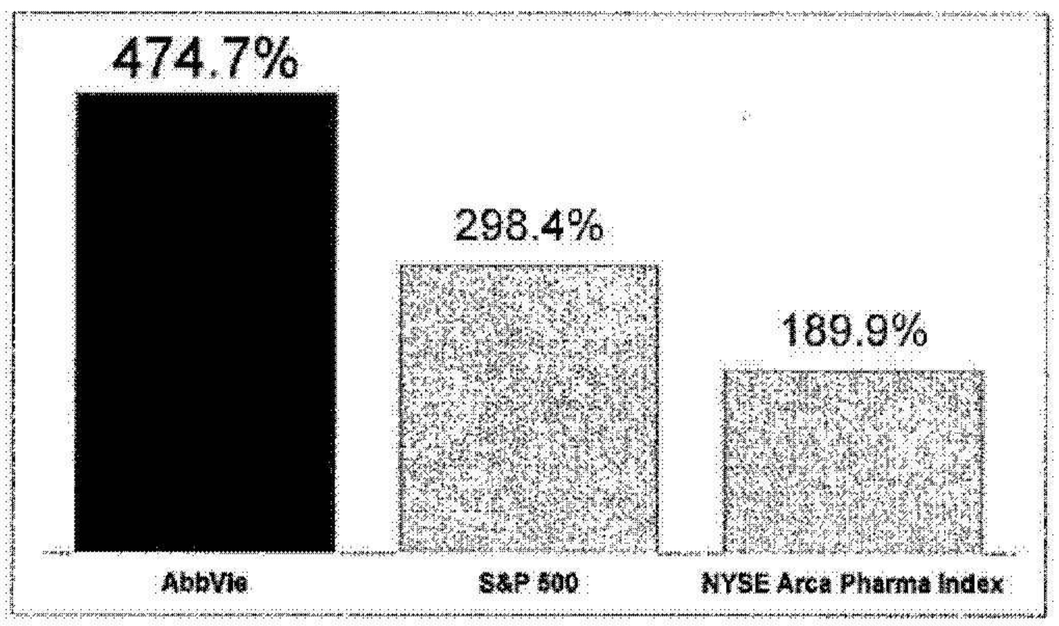
*Net revenues and diluted earnings per share are adjusted for specified items, including the impact of intangible asset amortization, and are non-GAAP measures, which are reconciled in Appendix B.

Since its launch in 2013, AbbVie has demonstrated an outstanding track record, consistently delivering top-tier results

AbbVie has delivered a strong compound annual growth rate (CAGR) since inception on adjusted net revenues and adjusted diluted earnings per share (EPS), placing AbbVie in the top tier of its Health Care Peer Group.

Additionally, AbbVie is committed to a robust return of capital to stockholders with an increase of more than 250% in its quarterly dividend since 2013 as part of a balanced and disciplined capital allocation program. AbbVie's total stockholder return (TSR) since inception of 474.7% also places AbbVie in the top tier of its Health Care Peer Group, and more than 175 percentage points above the Standard & Poor's 500 Index and 285 percentage points above the NYSE Arca Pharmaceutical Index over the same time period.

Total stockholder return (TSR) since inception



AbbVie Rankings* vs. Peer Group

% Revenue Growth

2021

2nd place out of 10

3 Years

2nd place out of 10

5 Years

2nd place out of 10

% Adjusted EPS Growth

2021

3rd place out of 10

3 Years

2nd place out of 10

5 Years

2nd place out of 10

Total Stockholder Return

2021

3rd place out of 10

3 Years

2nd place out of 10

5 Years

2nd place out of 10

Our Peer Group

AbbVie's peer group above includes:

- Amgen, Inc.
- Bristol-Myers Squibb Company
- Eli Lilly and Company
- Gilead Sciences, Inc.
- GlaxoSmithKline plc
- Johnson & Johnson
- Merck & Company, Inc.
- Novartis AG
- Pfizer Inc.

*Rankings based on financial results as initially reported by AbbVie and peers in each respective fiscal year and may not be adjusted for the impact of mergers, acquisitions, and/or divestitures.

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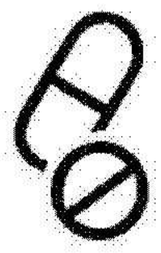
AbbVie also delivered strong business performance in 2021*

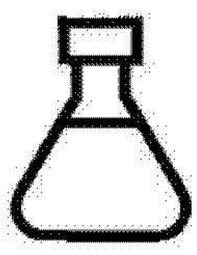
Net Revenues: AbbVie reported worldwide adjusted net revenues of $56.1 billion in 2021. Worldwide net revenues increased by 23% on a reported basis, or 11% on a comparable operational basis**, which included strong and balanced performance from immunology, hematologic oncology, aesthetics, and neuroscience.

Gross and Operating Margins: In 2021, AbbVie reported a gross margin of 69.0% on a GAAP basis or 83.2% of net revenues on an adjusted basis. AbbVie's operating margin was 31.9% on a GAAP basis or 50.3% of net revenues on an adjusted basis. The adjusted operating margin reflects an improvement of 230 basis points versus 2020.

Earnings Per Share: For 2021, AbbVie reported full-year diluted EPS of $6.45 on a GAAP basis and adjusted diluted EPS of $12.70, up 20.3%. For 2022, AbbVie provided a diluted EPS guidance range of $9.26 to $9.46 on a GAAP basis and $14.00 to $14.20 on an adjusted basis. The midpoint of the 2022 adjusted guidance represents growth of 11% over 2021, reflecting strong operating dynamics in the underlying business.



Regulatory Milestones: AbbVie also achieved a number of regulatory milestones in markets worldwide for several key products, including regulatory approvals for Skyrizi for the treatment of active psoriatic arthritis (PsA), Qulipta for the preventive treatment of episodic migraine in adults, Vuity for the treatment of presbyopia, and Rinvoq in three additional indications: for the treatment of adult patients with active psoriatic arthritis (PsA), for the treatment of adult patients with active ankylosing spondylitis (AS), and for the treatment of adults and adolescents with moderate to severe atopic dermatitis (AD). AbbVie also submitted regulatory applications for an additional indication for Skyrizi for the treatment of patients 16 years and older with moderate to severe Crohn's Disease (CD), as well as Rinvoq in two additional indications: for the treatment of adults with moderately to severely active ulcerative colitis (UC) and for adults with non-radiographic axial spondyloarthritis (nr-AxSpa).



Pipeline Development: With more than 50 programs in mid- and late-stage development, AbbVie made significant pipeline advancements in 2021. In addition to several positive Phase 3 readouts across multiple indications for Skyrizi and Rinvoq, AbbVie also reported positive registration enabling data for Vraylar as an adjunctive treatment for patients with major depressive disorder (MDD) and ABBV-951, a potentially transformative therapy for patients with advanced Parkinson's Disease. Several important Phase 3 programs are ongoing in other areas of our pipeline, including studies for Venclexta in multiple myeloma (MM) and myelodysplatic syndrome (MDS) and Navitoclax for mylefibrosis.

*Net revenues, adjusted gross and operating margins, and diluted earnings per share are adjusted for specified items and are non-GAAP measures, which are reconciled in Appendix B.

**Comparable operational comparisons include full-period current year and prior year results for Allergan products, as if the acquisition closed on January 1, 2020, and are presented at constant currency rates that reflect comparative local currency net revenues at the prior year's foreign exchange rates.

Our Governance Highlights

Our board of directors is committed to strong corporate governance tailored to meet the needs of AbbVie and its stockholders to enhance long-term stockholder value. Each year, AbbVie completes a robust investor engagement program with governance investment teams. In 2021, we reached out to stockholders representing nearly 40% of our outstanding shares. Our engagements in 2021 generally focused on (1) AbbVie's business and strategy, (2) AbbVie's environmental, social, and governance (ESG) strategy and initiatives, (3) AbbVie's equity, equality, diversity, and inclusion programs and disclosures, (4) AbbVie's disclosures related to its political expenditures and lobbying activities, (5) AbbVie's executive compensation programs, and (6) AbbVie's board composition and leadership structure, including the responsibilities of our lead independent director.

The board reviews feedback from these engagements and discusses opportunities to improve AbbVie's governance practices. The following chart summarizes some of the governance practices that the board has adopted over the past several years as a result of dialogue with our stockholders:

Topic:	Actions taken by our board:
Stockholder Voting Rights	**approved a management proposal to eliminate supermajority voting** in this proxy statement (Item 4) to seek stockholder approval to amend the company's Amended and Restated Certificate of Incorporation to provide for a simple majority of shares outstanding for all provisions previously subject to a supermajority provision, as described in Item 4 and previously submitted the same proposal to stockholder vote from 2018 to 2021 as well as a declassification management proposal to a stockholder vote in 2016 to 2018
Proxy Access	**approved and implemented in 2016 a proxy access by-law provision**, as further detailed in the company's By-Laws
Lead Independent Director Role	**significantly expanded disclosure on the lead independent director responsibilities** in the 2019 and 2018 proxy statements, to better inform our stockholders on the robust leadership that the role provides **appointed the lead independent director to all committees** in 2019, further strengthening his active leadership role
Board Skills Disclosure	**shared our board skills matrix beginning in 2016**, which contains the skills considered by the nominations and governance committee to be the most relevant to the board's oversight role with respect to AbbVie's business and affairs and to drive our culture of innovation and responsibility
Environmental, Social, and Governance (ESG) Disclosures	**enhanced our website disclosures on political contributions** in 2022, including a description of the process used to determine such contributions **expanded the discussion of board oversight of executive succession planning and company culture** in this proxy statement **disclosed detailed data on the diversity of AbbVie's U.S. workforce** by publishing AbbVie's EEO-1 report on our website starting in 2020 **incorporated an overview of AbbVie's ESG approach** and initiatives in the proxy statement beginning in 2018 **expanded the description of AbbVie's clawback policy**, starting in the 2019 proxy statement **added board diversity data**, starting in the 2019 proxy statement, along with an expanded discussion of the value of director diversity in the 2021 proxy statement

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Additional highlights of our governance practices include:

Director independence

- ✓ Eleven of AbbVie's twelve directors are independent and regularly meet in executive session
- ✓ Since our inception, we have had a lead independent director with robust responsibilities
- ✓ All members of our audit, compensation, nominations and governance, and public policy committees are independent

Stockholder rights

- ✓ Adopted a proxy access By-Law provision for 3%/3 years
- ✓ We do not have a stockholder rights plan or "poison pill"
- ✓ Our directors are elected by a majority vote of our stockholders for uncontested elections, and we have a resignation policy if the director fails to receive a majority of the votes cast

Board and executive accountability

- ✓ Annual executive succession planning, including an assessment of the diversity of executive candidates
- ✓ Minimum stock ownership guidelines are in place for the CEO and other NEOs
- ✓ We have a related person transaction policy to ensure appropriate oversight
- ✓ We hold an annual say-on-pay advisory vote on executive compensation

Board composition and effectiveness

- ✓ Our governance guidelines restrict the number of boards our directors may serve on to prevent overboarding
- ✓ Annual board and committee self-assessments and annual board succession planning
- ✓ For inclusion on the board, the nominations and governance committee considers diversity of race, ethnicity, gender, and geography, together with other voluntarily identified diversity criteria

Clawback and anti-hedging and anti-pledging policies

- ✓ The Board has broad authority to recover incentive plan awards
- ✓ Directors and executive officers are prohibited from buying or selling any financial instruments designed to hedge or offset any decrease in the market value of AbbVie equity securities they hold
- ✓ Directors and executive officers are prohibited from pledging AbbVie stock as collateral for a loan

Other ESG practices

- ✓ All executives have ESG and equity, equality, diversity, and inclusion goals
- ✓ We are guided by strong ethics programs and supplier guidelines
- ✓ We disclose our corporate political contributions, our trade association memberships, and oversight process on our website and expanded these disclosures in 2022

Our ESG Highlights

Acting responsibly is ingrained in everything we do and is how we drive a long-term, sustainable business that makes a genuine and lasting positive impact for patients, employees, and communities. During 2021, we enhanced our environmental, social, and governance (ESG) framework and governance while continuing to take meaningful action to deliver sustainable solutions that improve the health of our business and society.

Our ESG Framework

Our ESG Framework is built around three foundational pillars that align with our enterprise goals and principles. These have been developed based on an analysis of our material issues, taking into account the topics of most interest and relevance to our company and our stakeholders—including our patients and patient organizations, employees, investors, regulators & government, payers & providers, suppliers, and nonprofit partners.

Collaboration with stakeholders is critical to our success—our goal is value creation through building engaging and long-term relationships with all our partners and stakeholders. We engage in regular dialogue with a wide variety of stakeholders to understand their evolving needs, interests, and expectations of AbbVie. From these interactions, we develop our understanding of material drivers and identify additional opportunities to improve and make an impact.

We discover and deliver innovative medicines that solve serious health issues and enhance people's lives by pushing the boundaries of innovation, putting people and patients first, creating high-quality therapeutic solutions and ensuring their safety, efficacy, and accessibility.

We unlock the full potential of diverse and talented teams—and partners—to deliver today and into the future. We do this by attracting and retaining the best talent, embracing diversity of thought and through collaboration. We know that when we unlock the full potential of our people and our partners, we accelerate innovation, enhance people's lives, and meet our business objectives.

We innovate with integrity and intention to advance long-term patient health and business resiliency. We ensure that we are prepared for the future by operating a sustainable, agile business model and governance structure that anticipates and evolves in a dynamic industry and society. We are unwavering in assuring supply of innovative medicines to patients and life enhancing products to customers.

Our Material Drivers

Product Innovation
We strive to make a remarkable impact on patients and drive sustainable growth by consistently discovering and delivering innovative medicines that address serious health issues and advance people's lives.

Patient Access and Patient Affordability
We believe everyone who needs our medicines should be able to get them.

Human Capital Management
We believe purposeful work drives meaningful change. We nurture diverse talents to solve the most complex health challenges and create remarkable impacts on people's lives.

Business Ethics
We act with integrity in everything we do.

Patient Health and Engagement
We continuously strive to improve health outcomes for patients around the world.

Product Quality and Safety
We are committed to delivering safe and effective, quality products and medicines through robust quality systems.

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We also prioritize environmental sustainability within and beyond AbbVie to support our patients, people and planet. Our environmental sustainability strategy is focused on reducing our environmental footprint, growing sustainably through inspiring innovation, and engaging our workforce to steward sustainability.

Our ESG Governance

We took action in 2021 to enhance our ESG oversight and governance. To further strategic, enterprise-aligned delivery on AbbVie's ESG Framework, we established an ESG Council, chaired by our Vice Chairman, External Affairs and Chief Legal Officer and composed of senior-level leaders from across the company. The ESG Council's purpose is to champion business sustainability and mitigate business risks by monitoring, reviewing, and recommending actions to the ESG Council Chair, other members of the Executive Leadership Team, and AbbVie's CEO to advance AbbVie's ESG framework and strategy. The ESG Council Chair may also present certain recommendations of the ESG Council from time to time to the board of directors as appropriate.

The ESG Council meets quarterly, or more frequently if needed, and maintains sub-committees that are aligned to AbbVie's material drivers. With this governance in place, AbbVie is well-positioned to recognize ESG opportunities and advance its ESG objectives.

ESG Action Report

We refined our previous Responsible Action Report to clearly align to AbbVie's ESG Framework (our foundational ESG pillars and material drivers). Published in June 2021, the newly titled 2020 ESG Action Report includes detailed commentary about our approach, actions, and commitments across material drivers; 45 year-over-year-KPIs showing our progress; and ESG-related recognitions of our efforts. The ESG Action Report outlines our alignment with United Nations Sustainable Development Goals (SDGs) and the Sustainability Accounting Standards Board (SASB) Index. The full ESG Action Report can be found at https://www.abbvie.com/societal-impact.html.

In 2022, AbbVie will release its 2021 ESG Action Report containing updated disclosures, including those aligning with the Task Force on Climate-Related Financial Disclosures (TCFD) framework, KPIs, and other information related to our ESG efforts in 2021. Below are select 2021 ESG highlights across several of our material areas.

Product Innovation

- ✓ $6.5 billion in adjusted research & development spend in 2021*
- ✓ 21 major product or indication approvals since inception
- ✓ Over 14,000 research hours donated in 2021 to neglected tropical diseases, malaria and tuberculosis

Patient Access and Patient Affordability

- ✓ Expanded access to patients who have difficulty paying for their medicine by providing medicine to more than 170,000 U.S. patients in 2021 at no cost through our patient assistance program

Human Capital Management

- ✓ Continued to advance our Equity, Equality, Diversity & Inclusion (EED&I) 5-year strategy under the leadership of our CEO, Chief Equity Officer and Executive Leadership Team
- ✓ Completed 2021 Employee Survey

Environmental Sustainability

- ✓ Committed to joining the Science-based Targets Initiative (SBTi) by setting ambitious science-based emissions reduction targets to support limiting global temperature rise to no more than 1.5 degrees Celsius above pre-industrial levels. We intend to formally announce our SBTi-approved science-based targets in 2022, using 2021 as our baseline year

Patient Health and Engagement

- ✓ To ensure that our clinical trials reflect the populations we serve, established Director of Clinical Trial Diversity and team as a key lever to amplify this focus
- ✓ Over $38 million in grants and over 700,000 patients and healthcare providers reached through independent education grants in 2021

Business Ethics

- ✓ All employees received AbbVie's annual training on our Code of Business Conduct and conflicts of interest training
- ✓ Our Code of Business Conduct is available in 31 languages
- ✓ Employees in relevant functions also received mandatory training on topics such as anti-corruption, recognizing and reporting safety information, product promotion, and interactions with healthcare providers and patient groups

*Adjusted research and development spend is a non-GAAP measure, which is reconciled in Appendix B.

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External Recognition as a Top Company

Our work hasn't gone unnoticed. We've been honored to receive some of the most prestigious ratings and recognitions in our industry. And we've received more than 40 Top Employer Great Place to Work and Top Employer rankings globally. For more information, visit https://news.abbvie.com/media-resources/fact-sheets/abbvie-ratings-and-recognition-fact-sheet.htm

Workplace & Diversity	Environmental, Social and Governance	Citizenship	Business Performance
✓ DiversityInc "Top 50 Companies for Diversity" – *Top 15* ✓ FORTUNE "100 Best Companies to Work For" – *Included for four consecutive years* ✓ Great Place to Work "World's Best Workplaces" – *Included for five consecutive years* ✓ Human Rights Campaign Corporate Equality Index – *Scored 100% for six consecutive years* ✓ Seramount "100 Best Companies for Working Mothers" – *Top 15 for four consecutive years*	✓ Dow Jones Sustainability World Index ✓ Dow Jones Sustainability North America Index ✓ Ecovadis Corporate Social Responsibility Assessment Gold Medal ✓ FTSE4GoodIndex ✓ S&P 500 ESG Index ✓ AbbVie ranked on the 2021 Purpose Power Index	✓ Civic 50 ✓ 3BL Media "100 Best Corporate Citizens" ✓ PEOPLE Companies that Care ✓ Bioethics International Good Pharma Scorecard for clinical trial transparency – *Tied for first*	✓ FORTUNE 100 ✓ FORTUNE World's Most Admired Companies

Executive Compensation Highlights

The compensation committee has designed and implemented an executive compensation program in which a substantial majority of named executive officer (NEO) compensation at AbbVie is performance-based.

The goals of our compensation program are to:

1 **Align executive interests** with the drivers of stockholder returns and profitable growth	**2** Support achievement of the company's **primary business goals** to have a remarkable impact on patients' lives	**3** **Attract and retain world-class executives** whose talents and contributions sustain the growth in long-term stockholder value

When determining NEO compensation, the committee first considers the median of the competitive marketplace (as derived primarily from the Health Care Peer Group approved by the committee) as an initial benchmark for assessing compensation. The committee then takes into account the company's overall performance against the financial, operating and strategic objectives that were established at the start of the performance period. Finally, specific pay determinations are made for each NEO based on his or her individual performance against goals and contributions to the short- and long-term performance of the company.

Key components and design of our executive compensation program:

Three primary components make up AbbVie's executive pay program: base salary, short-term incentives, and long-term incentives. The structure of each component is tailored to serve a specific function and purpose. The following is a summary of the key components of our compensation program.

Element	Type	Primary Objective	Key Characteristics
Base Salary	Fixed	Attract & retain top talent	Individual salaries are established relative to market median based on each NEO's individual performance, skills, experience, and internal equity, as well as the company's annual operating budget
Short-Term Incentives	At-Risk	Encourage achievement of company's primary business goals	Plan utilizes non-GAAP financial goals as well as an assessment of individual performance against strategic objectives: — Net revenues — Income before taxes — Operating margin — Return on assets — Strategic and leadership goals
Long-Term Incentives	At-Risk	Align NEO interests with stockholders	Long-term incentive annual awards are granted in the form of: — Performance shares and performance vested restricted stock units (80% of NEO's LTI award) — Non-qualified stock options (20% of NEO's LTI award)

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INFORMATION CONCERNING DIRECTOR NOMINEES

What am I voting on and how should I vote?

You are being asked to elect four Class I directors at the Annual Meeting.

The board of directors therefore recommends you vote "FOR" each of the nominees set forth below.

The board of directors consists of three classes currently comprised of four directors in Class I, four directors in Class II, and four directors in Class III. Directors of one class are elected each year for a term of three years. The Class I directors are presented for re-election to hold office until the expiration of their term at the 2025 annual meeting of stockholders and until their successors are elected and qualified or until their earlier death or resignation. All of the nominees are currently serving as directors.

AbbVie's governance guidelines provide that a director shall retire on the day of the annual stockholder meeting following his or her 75th birthday; provided, however, that the full board may make exceptions from time to time due to special circumstances. In late 2020, the board determined that Mr. Liddy, a Class II director, should remain an additional year. Mr. Liddy will now retire as a director as of the 2022 annual stockholder meeting.

Directors are elected by stockholders if a majority of the votes cast are "for" a director's re-election at the Annual Meeting, excluding abstentions and broker non-votes. For more information on the director majority vote standard, see AbbVie's By-Laws as listed as an exhibit to AbbVie's 2021 Annual Report on Form 10-K.

Nominees (Class I)

William H.L. Burnside

Director Since: **2013**
Age: **70**
Committees: **Audit and Nominations & Governance**
Primary Occupation: **Retired Senior Vice President and Director at The Boston Consulting Group**

Business Experience:
Mr. Burnside is a retired senior vice president and director at The Boston Consulting Group (BCG), where he currently serves as an advisor. Prior to becoming managing partner of BCG's Los Angeles office in 1987, he worked in BCG's London and Chicago offices, servicing clients in telecommunications, media, defense, financial services, and manufacturing.

Key Contributions to the Board:
- Through his experience with The Boston Consulting Group, Mr. Burnside contributes knowledge and understanding of corporate finance and capital markets matters to the board, as well as global and domestic strategic advisory experience across a broad base of industries.

Thomas C. Freyman

Director Since: **2020**
Age: **67**
Committees: **Audit and Compensation**
Primary Occupation: **Retired Executive Vice President, Finance and Administration, Abbott Laboratories**

Business Experience:
Mr. Freyman served as a director at Allergan from 2018 to 2020, when AbbVie acquired Allergan plc.
Mr. Freyman previously served as executive vice president, finance and administration at Abbott Laboratories from 2015 until his retirement in 2017. He previously served at Abbott as chief financial officer and executive vice president, finance and was first appointed chief financial officer and senior vice president, finance in 2001. He also serves as a director of Tenneco Inc. and Hanger, Inc.

Key Contributions to the Board:
- Mr. Freyman's extensive experience as a leader in the healthcare industry, knowledge of the Allergan businesses, and expertise in complex accounting and financial issues provides the board with significant global industry experience, continuity in oversight of the Allergan businesses, and finance and risk expertise.

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Brett J. Hart

Director Since: **2016**
Age: **52**
Committees: **Nominations & Governance and Public Policy**
Primary Occupation: **President, United Airlines Holdings, Inc.**

Business Experience:

Mr. Hart is the president of United Airlines Holdings, Inc. (UAL) and United Airlines, Inc. He served as executive vice president and chief administrative officer between March 2019 and May 2020, executive vice president, chief administrative officer and general counsel between May 2017 and March 2019, and as executive vice president and general counsel between February 2012 and May 2017. Mr. Hart also served as acting chief executive officer of UAL and United Airlines, Inc. from October 2015 to March 2016. From December 2010 to February 2012, he served as senior vice president, general counsel and secretary of UAL, United and Continental. From June 2009 to December 2010, Mr. Hart served as executive vice president, general counsel and corporate secretary at Sara Lee Corporation.

Key Contributions to the Board:

- As president and as executive vice president and general counsel for two large public companies with international operations and having served as an acting CEO, Mr. Hart contributes operational and strategic acumen with expertise in risk management, legal strategic matters, government and regulatory affairs, customer and external facing matters, corporate governance, and compliance.

Edward J. Rapp

Director Since: **2013**
Age: **64**
Committees: **Audit and Nominations & Governance**
Primary Occupation: **Retired Group President for Resource Industries of Caterpillar Inc.**

Business Experience:

Mr. Rapp served as the Caterpillar Inc. group president for resource industries from 2014 until his retirement in mid-2016. He previously served at Caterpillar as group president based in Singapore in 2013 and 2014 and as the chief financial officer from 2010 to 2013, and he was named a group president in 2007. He also serves as a director of Xos, Inc. He is currently a member of the University of Missouri College of Business Advisory Board. Mr. Rapp previously served as a director of FM Global.

Key Contributions to the Board:

- As a result of his tenure as group president and chief financial officer at Caterpillar Inc., Mr. Rapp has acquired management, operational, and financial expertise with extensive global experience and provides the board with an informed perspective on financial and operational matters faced by a complex international company.

Class II—Directors whose terms expire in 2023

Robert J. Alpern, M.D.

Director Since: **2013**
Age: **71**
Committees: **Nominations & Governance and Public Policy**
Primary Occupation: **Ensign Professor of Medicine and Physiology, Professor of Internal Medicine and Cellular and Molecular Physiology, and Former Dean of Yale School of Medicine**

Business Experience:

Dr. Alpern is Ensign Professor of Medicine and Physiology and Professor of Internal Medicine and Cellular and Molecular Physiology at Yale School of Medicine. Dr. Alpern served as the Dean of Yale School of Medicine and Ensign Professor of Medicine and Professor of Internal Medicine at Yale School of Medicine from June 2004 to January 2020. From July 1998 to May 2004, Dr. Alpern was the Dean of The University of Texas Southwestern Medical Center. Dr. Alpern served on the board of Yale-New Haven Hospital from October 2005 to January 2020. Dr. Alpern also serves as a director of Abbott Laboratories and Tricida, Inc.

Key Contributions to the Board:

- Through his position as Ensign Professor of Medicine and Physiology, Professor of Internal Medicine and Cellular and Molecular Physiology, as well as his previous service as Dean of Yale School of Medicine, Dean of The University of Texas Southwestern Medical Center, and on the board of Yale-New Haven Hospital, Dr. Alpern contributes valuable insights to the board through his medical and scientific expertise and his knowledge of the health care environment and the scientific nature of AbbVie's key research and development initiatives.

Melody B. Meyer

Director Since: **2017**
Age: **64**
Committees: **Audit and Public Policy**
Primary Occupation: **Retired President, Chevron Asia Pacific Exploration and Production**

Business Experience:

Ms. Meyer is president of Melody Meyer Energy, LLC, a private consulting firm, a position she has held since June 2016. From March 2011 to April 2016, Ms. Meyer served as the president of Chevron Asia Pacific Exploration and Production Company. She previously served as president of Chevron Energy Technology Company from 2008 to 2011, in addition to various other roles over her thirty-seven year career at Chevron. Ms. Meyer is also a director at bp p.l.c. and NOV, Inc.

Key Contributions to the Board:

- As a result of her tenure at Chevron, Ms. Meyer has acquired operational, management, strategic planning, and financial expertise with extensive global experience and provides an informed perspective to the board on financial and operational matters faced by a complex international company.

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Frederick H. Waddell

Director Since: **2013**
Age: **68**
Committees: **Audit and Compensation**
Primary Occupation: **Former Chairman of the Board and Chief Executive Officer of Northern Trust Corporation and The Northern Trust Company**

Business Experience:
Mr. Waddell served as chairman of the board of Northern Trust Corporation and The Northern Trust Company from November 2009 until his retirement in January 2019. He previously served as chief executive officer from 2008 through 2017, as president from 2006 to 2011 and again from October to December 2016, and chief operating officer from 2006 to 2008. Mr. Waddell is also a director of International Business Machines Corporation.

Key Contributions to the Board:
- As former chairman and chief executive officer of Northern Trust Corporation and The Northern Trust Company, Mr. Waddell contributes broad financial services experience with a strong record of leadership in a highly regulated industry.

Class III—Directors whose terms expire in 2024

Roxanne S. Austin

Director Since: **2013**
Age: **61**
Committees: **Compensation**
Primary Occupation: **President, Austin Investment Advisors**

Business Experience:
Ms. Austin is president of Austin Investment Advisors, a private investment and consulting firm, and chairs the U.S. Mid-market Investment Advisory Committee of EQT Partners. Previously, Ms. Austin also served as the president and chief executive officer of Move Networks, Inc., a provider of Internet television services. Ms. Austin served as president and chief operating officer of DIRECTV, Inc. Ms. Austin also served as executive vice president and chief financial officer of Hughes Electronics Corporation and as a partner of Deloitte & Touche LLP. Ms. Austin is also a director of Abbott Laboratories, Crowdstrike, Inc., Freshworks, Inc., and Verizon Communications Inc. Ms. Austin has notified Abbott of her intent to resign from its Board of Directors at the company's next annual meeting of stockholders, currently planned for April 2022. Ms. Austin previously served as a director of Teledyne Technologies, Inc, from 2006 to 2021, Target Corporation from 2002 to 2020, and Telefonaktiebolaget LM Ericsson from 2008 to 2016.

Key Contributions to the Board:
- Through her extensive management and operating roles, including her financial roles, Ms. Austin contributes significant oversight and leadership experience to the board, including financial expertise and knowledge of financial statements, corporate finance, and accounting matters.

Richard A. Gonzalez

Director Since: **2013**
Age: **68**
Primary Occupation: **Chairman of the Board and Chief Executive Officer, AbbVie Inc.**

Business Experience:

Mr. Gonzalez is the chairman and chief executive officer of AbbVie, a position he has held since 2013. He served as Abbott's executive vice president of the pharmaceutical products group from July 2010 to December 2012, and was responsible for Abbott's worldwide pharmaceutical business, including commercial operations, research and development, and manufacturing. He also served as president, Abbott Ventures Inc., Abbott's medical technology investment arm, from 2009 to 2011. Mr. Gonzalez joined Abbott in 1977 and held various management positions before briefly retiring in 2007, including: Abbott's president and chief operating officer; president, chief operating officer of Abbott's Medical Products Group; senior vice president and president of Abbott's former Hospital Products Division; vice president and president of Abbott's Health Systems Division; and divisional vice president and general manager for Abbott's Diagnostics Operations in the United States and Canada.

Key Contributions to the Board:

- As a result of his service since 2013 as AbbVie's chairman and chief executive officer and his more than 30-year career at Abbott, Mr. Gonzalez has developed valuable business, management, and leadership experience, as well as extensive knowledge of AbbVie and its global operations.
- Mr. Gonzalez's experience and knowledge enable him to contribute to AbbVie's board key insights into strategic, management, and operational matters.

Rebecca B. Roberts

Director Since: **2018**
Age: **69**
Committees: **Nominations & Governance and Public Policy**
Primary Occupation: **Retired President of Chevron Pipe Line Company**

Business Experience:

Ms. Roberts served as president of Chevron Pipe Line Company from 2006 until her retirement in 2011. She previously served as the president of Chevron Global Power Generation from 2003 to 2006, in addition to various technical and management positions during her thirty-six year career with Chevron. Ms. Roberts began her career as a chemist and research scientist. Ms. Roberts currently serves on the board of directors at Black Hills Corporation and MSA Safety Incorporated. Ms. Roberts served as a director of Enbridge, Inc. from 2015 to 2018.

Key Contributions to the Board:

- Ms. Roberts brings management, operational, safety, and strategy development expertise with a scientific background and extensive global experience at Chevron.
- She provides an informed perspective to the board on regulatory and operational matters faced by a complex international company.

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Glenn F. Tilton

Director Since: **2013**
Age: **73**
Committees: **Audit, Compensation, Nominations & Governance, and Public Policy**
Primary Occupation: **Retired Chairman and Chief Executive Officer of the UAL Corporation**
Lead Independent Director

Business Experience:

Mr. Tilton was chairman of the Midwest for JPMorgan Chase & Co. from 2011 until his retirement in 2014. From October 2010 to December 2012, Mr. Tilton also served as the non-executive chairman of the board of United Continental Holdings, Inc. From September 2002 to October 2010, he served as chairman, president and chief executive officer of UAL Corporation, and chairman and chief executive officer of United Air Lines, Inc., its wholly owned subsidiary. Prior to becoming the vice chairman of Chevron Texaco following the merger of Texaco Inc. and Chevron Corp., Mr. Tilton enjoyed a 30-year multi-disciplinary career with Texaco Inc., culminating in his election as chairman and chief executive officer. Mr. Tilton is also a director of Abbott Laboratories and Phillips 66. Mr. Tilton also served on the board of directors of Lincoln National Corporation from 2002 to 2007, of TXU Corporation from 2005 to 2007, of Corning Incorporated from 2010 to 2012, and of United Continental Holdings, Inc. from 2010 to 2012.

Key Contributions to the Board:

- As chairman of the Midwest for JPMorgan Chase & Co. and having previously served as non-executive chairman of the board of United Continental Holdings, Inc., and chairman, president, and chief executive officer of UAL Corporation and United Air Lines, vice chairman of Chevron Texaco and as interim chairman of Dynegy, Inc., Mr. Tilton acquired strong management experience overseeing complex multinational businesses operating in highly regulated industries, as well as expertise in finance and capital markets matters.
- His experience as non-executive chairman of the board of United Continental Holdings, Inc. also enhances his contributions as AbbVie's lead independent director.

THE BOARD OF DIRECTORS AND ITS COMMITTEES

The board of directors held nine meetings in 2021. All directors attended one-hundred percent of the board and committee meetings in 2021. AbbVie encourages its board members to attend the annual stockholder meeting. All of AbbVie's directors attended the 2021 annual stockholder meeting.

The board has determined that each of the following individuals is independent in accordance with the New York Stock Exchange (NYSE) listing standards: Dr. Alpern, Ms. Austin, Mr. Burnside, Mr. Freyman, Mr. Hart, Mr. Liddy, Ms. Meyer, Mr. Rapp, Ms. Roberts, Mr. Tilton, and Mr. Waddell. To determine independence, the board applied the AbbVie Inc. director independence guidelines. The board also considered whether a director has any other material relationships with AbbVie or its subsidiaries and concluded that none of these directors had a relationship that impaired the director's independence. This included consideration of the fact that some of the directors are officers or serve on boards of companies or entities to which AbbVie sold products or made contributions or from which AbbVie purchased products and services during the year. This also included consideration of the fact that some of the directors serve on the board of Abbott Laboratories (Abbott), AbbVie's former parent. In making its determination, the board relied on both information provided by the directors and information developed internally by AbbVie.

The board has risk oversight responsibility for AbbVie and administers this responsibility both directly and with assistance from its committees. The board reviews enterprise risks and discusses them with our senior management on a regular basis. AbbVie's risk management program focuses on issues relevant to AbbVie's business, reputation, and strategy, including but not limited to pipeline advancement, healthcare industry dynamics such as pricing and patient access, manufacturing, regulatory and compliance matters, and others. The board and its committees regularly review environmental, social, and governance (ESG) topics that are material to AbbVie. For more details about committee responsibilities and oversight, please see the committee discussion on pages 23-25.

Management succession planning is a key responsibility and area of focus for the board. The full board regularly reviews both short- and long-term succession plans for the CEO and other executive officers. This review, for which the lead independent director takes a leadership role, includes a discussion of the skillset needed for these executive roles, the timeline for any potential executive transitions, the leadership pipeline and their development plans, and the diversity of the leadership pipeline. Directors regularly interact with succession candidates. The board also reviews its own succession planning, including for committee chairs and the lead independent director.

The board oversees AbbVie's culture, employee engagement, and overall management of human capital. This oversight ensures that AbbVie is attracting, developing, and retaining best in class employees dedicated to making a remarkable impact on patients' lives around the world. Examples of this oversight include (1) reviewing results of the biennial all employee survey, which assesses topics like employee engagement, inclusion, agility in processes, ethical decision making, and other issues critical to the company's culture, (2) oversight of the company's equity, equality, diversity, and inclusion strategy, (3) oversight of employee health and safety data and priorities, (4) reviewing the company's commitment to pay equity and results from the equity analysis to ensure this commitment is met, and (5) oversight of the company's ESG strategy, including the human capital management components. The board also interacts with employees at various levels of seniority, not solely on the executive leadership team, which facilitates a better understanding of the company's culture.

In 2021, the board continued to spend a significant amount of time overseeing the company's ongoing responses to the COVID-19 pandemic, including the impact on AbbVie's employees and the availability of resources to support employees' health and well-being. The board also reviewed the pandemic's impact on pipeline and marketed products, as well as overall company strategy.

The board has determined that the current leadership structure, in which the offices of chairman of the board and chief executive officer are held by one individual with a board appointed lead independent director, ensures the appropriate level of oversight, independence, and responsibility is applied to all board decisions, including risk oversight, and is in the best interests of AbbVie and its stockholders. The lead independent director is chosen by and from the independent members of the board of directors. The board regularly reviews its leadership structure, as well as feedback from stockholders on this topic.

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Our **Lead Independent Director** has robust and well-defined responsibilities that provide our board with significant leadership and oversight:

- ✓ leads the CEO succession planning process
- ✓ facilitates communication with the board and presides over regularly conducted executive sessions of the independent directors or sessions where the chairman of the board is not present
- ✓ reviews and approves matters, such as schedule sufficiency, and, where appropriate, information provided to other board members
- ✓ serves as the liaison between the chairman of the board and the independent directors
- ✓ has the authority to call meetings of the independent directors
- ✓ leads the board's evaluation of the CEO
- ✓ leads the annual board and committee evaluation process, including discussing evaluations with each director individually
- ✓ reviews and guides agenda items for board meetings
- ✓ encourages effective director participation by fostering an environment of open dialogue and constructive feedback among independent directors
- ✓ involved in selection and interviewing of new board members
- ✓ if requested by major stockholders, ensures that he or she is available for consultation and direct communication as needed
- ✓ if required, represents independent board members externally
- ✓ performs such other duties as the board may determine from time to time

All directors are encouraged to, and in fact do, consult with the chairman on each of the above topics, as well. The lead director, and each of the other directors, communicates regularly with the chairman of the board and chief executive officer regarding appropriate agenda topics and other board related matters.

AbbVie directors have backgrounds that when combined provide a portfolio of experience and knowledge that serve AbbVie's governance and strategic needs. Director nominees are considered based on a range of criteria including broad-based business knowledge and relationships, prominence and excellent reputations in their primary fields of endeavor, as well as a global business perspective and commitment to good corporate citizenship, and ability to commit sufficient time and attention to the activities of the board. They must have demonstrated experience and ability that is relevant to the board's oversight role with respect to AbbVie's business and affairs. They must also be able and willing to represent the stockholders' economic interests and satisfy their fiduciary duties to stockholders without conflicts of interest. For more details on director qualifications, please see Exhibit A to AbbVie's Governance Guidelines.

Each year, the board and its committees conduct detailed self-evaluations covering topics such as board and committee leadership structure, composition and effectiveness, quality of board and committee materials and discussions, priority agenda items, schedule sufficiency, and board processes. To ensure candid feedback, the evaluations are anonymous. The full board, led by the lead independent director, discusses the evaluation reports to determine what, if any, actions or improvements should be undertaken in the near-term and long-term. The board, committee, and CEO evaluations are discussed in executive session to allow for additional candid discussion. In 2020, AbbVie engaged an independent firm to review the board and committee self-evaluation materials, in order to ensure the self-evaluation process reflects current best practices.

Each director's biography includes the particular experience and qualifications that led the board to conclude that the director should serve on the board. The directors' biographies are in the section of this proxy statement captioned "Information Concerning Director Nominees."

The following table highlights our directors' skills and experience. The skills identified below are considered by the nominations and governance committee to be the most relevant to the board's oversight role with respect to AbbVie's business and affairs and to drive our culture of innovation and responsibility. The specific importance of each skill also is noted.

Such skills include, among others:

Healthcare Industry	Relevant to an industry understanding and review of our business and strategy for continued innovation.
Leadership	For a board that can successfully advise and oversee the company's business performance and represent stockholders' interests.
Global Business and Strategy	For oversight of a complex global organization like AbbVie to successfully advise and oversee the strategic development and direction of the company.
Corporate Governance and Public Company Board	Ensuring directors have the background and knowledge to perform oversight and governance roles.
Finance or Accounting	Enabling our directors to analyze our financial statements, oversee our capital structure, and consider financial transactions.
Government Relations and Regulatory	For an understanding of the complex regulatory and governmental environment in which our business operates.

	ALPERN	AUSTIN	BURNSIDE	FREYMAN	GONZALEZ	HART	LIDDY	MEYER	RAPP	ROBERTS	TILTON	WADDELL
Healthcare Industry	●	●		●	●		●				●	
Leadership	●	●	●	●	●	●	●	●	●	●	●	●
Global Business & Strategy	●	●	●	●	●	●	●	●	●	●	●	●
Corporate Governance & Public Company Board	●	●	●	●	●	●	●	●	●	●	●	●
Finance or Accounting		●	●	●	●		●	●	●		●	●
Government Relations & Regulatory	●	●	●	●	●	●	●	●	●	●	●	●

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Board Diversity

AbbVie is committed to diversity in its workforce and on its board of directors. AbbVie serves patients in over 175 countries and across many different diseases. A diverse workforce and a diverse board are critical to bringing innovative new medicines to patients and to meeting their unique needs. In particular, diverse perspectives strengthen the oversight of AbbVie's business.

25% **female board members**

17% **ethnically or racially diverse board members**

Diversity, including diversity of race, ethnicity, gender, and age, is an integral factor in identifying prospective directors. In the process of identifying nominees to serve as a member of the board of directors, the nominations and governance committee considers the existing board's diversity and assesses the effectiveness of the recruitment process in achieving a diverse board. More details about our workforce diversity efforts are available in the "Our ESG Highlights" section of this proxy statement.

Committees of the Board of Directors

Audit Committee

Members	Key Characteristics and Responsibilities	Meetings in 2021: 6
W. Burnside **T. Freyman (Chair)** **M. Meyer** **E. Rapp** **G. Tilton** **F. Waddell**	✓ The audit committee is governed by a written charter. The charter sets forth the purposes of the audit committee, identifies qualifications required for the audit committee members, and describes the committee's authority and responsibilities. ✓ The audit committee assists the board of directors in fulfilling its oversight responsibility with respect to AbbVie's accounting and financial reporting practices and the audit process, the quality and integrity of AbbVie's financial statements, including a review of significant accounting policies, the independent auditors' qualifications, independence, and performance, the performance of AbbVie's internal audit function and internal auditors, certain areas of legal and regulatory compliance, and enterprise risk management. The audit committee is directly responsible for the appointment, fees, retention, and oversight of the work of AbbVie's independent auditors. ✓ Each of the members of the audit committee is financially literate, as required of audit committee members by the NYSE, and the independence requirements set forth in Section 10A(m)(3) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). ✓ The board of directors has determined that Mr. Freyman, the committee's chairperson, is an "audit committee financial expert."	

Compensation Committee

Members	Key Characteristics and Responsibilities	Meetings in 2021: 3
R. Austin (Chair) T. Freyman E. Liddy G. Tilton F. Waddell	✓ The compensation committee is governed by a written charter. The charter sets forth the purposes of the compensation committee, identifies qualifications required for the compensation committee members, and describes the committee's authority and responsibilities. ✓ This committee assists the board of directors in carrying out the board's responsibilities relating to the compensation of AbbVie's executive officers and directors. The compensation committee annually reviews the compensation paid to the directors and gives its recommendations to the full board regarding both the amount of director compensation that should be paid and the allocation of that compensation between equity-based awards and cash. ✓ In recommending director compensation, the compensation committee takes into account director fees paid by companies in AbbVie's Health Care Peer Group and reviews any arrangement that could be viewed as indirect director compensation. The processes and procedures used for the consideration and determination of executive compensation are described in the "Compensation Discussion and Analysis" section of this proxy statement. ✓ The committee also reviews, approves, and administers the incentive compensation plans in which the AbbVie executive officers participate and all of AbbVie's equity-based plans. It may delegate the responsibility to administer and make grants under these plans to management, except to the extent that such delegation would be inconsistent with applicable law or regulations or with the listing rules of the New York Stock Exchange. ✓ The compensation committee has the sole authority, under its charter, to select, retain and/or terminate independent advisors who may assist the committee in carrying out its responsibilities. ✓ The compensation committee reviews and discusses with management and its independent compensation advisor potential risks associated with AbbVie's compensation policies and practices as discussed in the "Compensation Risk Assessment" section of this proxy statement. Each member of the committee qualifies as a "non-employee director" for purposes of Rule 16b-3 under the Exchange Act and as an "outside director" for purposes of Internal Revenue Code Section 162(m).	

The committee has engaged Compensation Advisory Partners (CAP) as its independent compensation consultant. The independent compensation consultant provides counsel and advice to the committee on executive and non-employee director compensation matters. CAP, and its principal, report directly to the chair of the committee. The principal meets regularly, and as needed, with the committee in executive sessions, and has direct access to the committee chair during and between meetings. The committee determines what variables it will instruct CAP to consider, including: peer groups against which performance and pay should be examined, metrics to be used in incentive plans to assess AbbVie's performance, competitive short- and long-term incentive practices in the marketplace, and compensation levels relative to market benchmarks. The committee negotiates and approves all fees paid to CAP for these services. AbbVie did not engage CAP to perform any other services during 2021.

Based on an assessment of internally developed information and information provided by CAP, the committee has determined that its independent compensation advisor does not have a conflict of interest. A copy of the compensation committee report is included in the "Compensation Committee Report" section of this proxy statement.

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Nominations and Governance Committee

Members	Key Characteristics and Responsibilities	Meetings in 2021: 4
R. Alpern W. Burnside B. Hart E. Rapp (Chair) R. Roberts G. Tilton	✓ The nominations and governance committee is governed by a written charter. The charter sets forth the purposes of the nominations and governance committee, identifies qualifications required for the nominations and governance committee members, and describes the committee's authority and responsibilities. ✓ This committee assists the board of directors in identifying individuals qualified to become board members and recommends to the board the nominees for election as directors at the next annual meeting of stockholders, recommends to the board the persons to be elected as executive officers of AbbVie, recommends to the board the corporate governance guidelines applicable to AbbVie, oversees the evaluation of the board and management, and serves in an advisory capacity to the board and the chairman of the board on matters of organization, management succession plans, major changes in the organizational structure of AbbVie, and the conduct of board activities. ✓ The process used by this committee to identify a nominee to serve as a member of the board of directors depends on the qualities being sought, as described on pages 21-23. ✓ From time to time, AbbVie engages an executive search firm to assist the committee in identifying individuals qualified to be board members.	

Public Policy Committee

Members	Key Characteristics and Responsibilities	Meetings in 2021: 4
R. Alpern B. Hart (Chair) E. Liddy M. Meyer R. Roberts G. Tilton	✓ The public policy committee is governed by a written charter. The charter sets forth the purposes of the public policy committee, identifies qualifications required for the public policy committee members, and describes the committee's authority and responsibilities. ✓ This committee assists the board of directors in fulfilling its oversight responsibility with respect to AbbVie's public policy, certain areas of legal and regulatory compliance, governmental affairs, healthcare compliance, social responsibility, and sustainability and environmental matters that affect or could affect AbbVie. ✓ Other topics within the committee's purview include but are not limited to ethics and compliance matters, government and regulatory trends relevant to AbbVie's business, political contributions, and corporate philanthropy.	

Executive Committee

The executive committee members are Mr. Gonzalez, chair, Ms. Austin, Mr. Freyman, Mr. Hart, Mr. Liddy, Mr. Rapp, and Mr. Tilton. This committee may exercise all of the authority of the board in the management of AbbVie, except for matters expressly reserved by law for board action.

COMMUNICATING WITH THE BOARD OF DIRECTORS

Stockholders and other interested parties may communicate with the board of directors by writing a letter to the chairman of the board, to the lead director, or to the independent directors c/o AbbVie Inc., 1 North Waukegan Road, AP34, North Chicago, Illinois 60064, Attention: corporate secretary. The corporate secretary regularly forwards to the addressee all letters other than mass mailings, advertisements, and other materials not relevant to AbbVie's business. In addition, directors regularly receive a log of all correspondence received by the company that is addressed to a member of the board and may request any correspondence on that log.

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DIRECTOR COMPENSATION

AbbVie employees are not compensated for serving on the board or board committees. AbbVie's non-employee directors are compensated for their service under the AbbVie Non-Employee Directors' Fee Plan and the AbbVie Amended and Restated 2013 Incentive Stock Program. As described in "Committees of the Board of Directors—Compensation Committee," director compensation is reviewed annually by the compensation committee with the independent compensation consultant, including a review of director compensation against AbbVie's Health Care Peer Group, and a recommendation is then provided to the full board.

The following table sets forth the non-employee directors' 2021 compensation.

Name	Fees Earned or Paid in Cash ($)(1)	Restricted Stock Unit Awards ($)(2)	Option Awards ($)(3)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)(4)	All Other Compensation ($)(5)	Total ($)
R. Alpern	115,000	194,904	0	36,085	25,000	370,989
R. Austin	140,583	194,904	0	0	25,000	360,487
W. Burnside	121,000	194,904	0	0	25,000	340,904
T. Freyman	129,583	194,904	0	0	25,000	349,487
B. Hart	135,000	194,904	0	0	25,000	354,904
E. Liddy	123,333	194,904	0	0	0	318,237
M. Meyer	121,000	194,904	0	0	25,000	340,904
E. Rapp	141,000	194,904	0	0	25,000	360,904
R. Roberts	115,000	194,904	0	0	25,000	334,904
G. Tilton	171,000	194,904	0	0	26,151	392,055
F. Waddell	121,000	194,904	0	0	25,000	340,904

(1) Under the Non-Employee Directors' Fee Plan as in effect during 2021, non-employee directors earned $115,000 per year for service as a director and $20,000 per year for service as a chair of a board committee, other than the chair of the audit committee. The chair of the audit committee received $25,000 per year for service as chair of that committee and the other members of the audit committee received $500 for each month of service as a committee member. The lead director received $50,000 in 2021 for service in that role. The non-employee director and committee fees are earned monthly for each calendar month or portion thereof that the director holds the position, excluding the month in which the director is first elected to the position.

Fees earned under the AbbVie Non-Employee Directors' Fee Plan are, at the director's election, paid in cash, delivered in the form of vested non-qualified stock options (based on an independent appraisal of their fair value), deferred until retirement (as an unfunded AbbVie obligation), or paid currently into an individual grantor trust established by an eligible director. The distribution of deferred fees and amounts held in a director's grantor trust generally commences at the later of when the director reaches age 65 or upon retirement from the board of directors. Fees deposited in a trust may be credited to a stock equivalent account that earns the same return as if the fees were invested in AbbVie stock or to a guaranteed interest account. If necessary, AbbVie contributes funds to a director's trust so that as of year-end the stock equivalent account balance (net of taxes) is not less than seventy-five percent of the market value of the related AbbVie common stock at year end.

(2) The amounts in this column represent the aggregate grant date fair value of the restricted stock unit awards granted during 2021, determined in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 718. AbbVie determines the grant date fair value of the awards by multiplying the number of units granted by the average of the high and low market prices of one share of AbbVie common stock on the award grant date.

In addition to the fees described in footnote (1), each non-employee director elected to or serving on the board of directors on the day of the 2021 annual stockholder meeting received under the AbbVie Amended

and Restated 2013 Incentive Stock Program vested restricted stock units with a target grant date value of $195,000. In 2021, this equated to 1,681 restricted stock units (after rounding the award down to the nearest whole unit), with a reportable value of $194,904. The non-employee directors receive cash payments equal to the dividends paid on the shares covered by the units at the same rate as other stockholders, but do not otherwise have access to the restricted stock units during their board service. Upon termination or retirement from the board, death, or a change in control of the company, a non-employee director will receive one common share for each restricted stock unit outstanding under the Incentive Stock Program.

The following AbbVie restricted stock units were outstanding as of December 31, 2021: R. Alpern, 30,121; R. Austin, 37,784; W. Burnside, 21,562; T. Freyman, 4,014; B. Hart, 14,076; E. Liddy, 21,562; M. Meyer, 11,102; E. Rapp, 21,562; R. Roberts, 8,332; G. Tilton, 33,768; and F. Waddell, 21,562. These numbers include, where applicable, AbbVie restricted stock units issued with respect to Abbott Laboratories restricted stock units outstanding when AbbVie separated from Abbott on January 1, 2013.

(3) No AbbVie stock options were outstanding as of December 31, 2021.

(4) The totals in this column include reportable interest credited under the AbbVie Non-Employee Directors' Fee Plan during 2021.

(5) Charitable contributions made by AbbVie's non-employee directors are eligible for a matching contribution (up to $25,000 annually). For 2021 contributions, the AbbVie Foundation made charitable matching contributions on behalf of the following AbbVie directors: R. Alpern, $25,000; R. Austin, $25,000; W. Burnside, $25,000; T. Freyman, $25,000; B. Hart, $25,000; M. Meyer, $25,000; E. Rapp, $25,000; R. Roberts, $25,000; G. Tilton, $25,000; and F. Waddell, $25,000. This column also includes reimbursement for certain taxes.

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SECURITIES OWNERSHIP

Securities Ownership of Executive Officers and Directors

The table below reflects the number of shares of AbbVie common stock beneficially owned as of January 31, 2022, by each director and director nominee, the chief executive officer, the chief financial officer, and the three other most highly paid executive officers (NEOs), and by all directors and executive officers of AbbVie as a group. It also reflects the number of stock equivalent units and restricted stock units held by non-employee directors under the AbbVie Non-Employee Directors' Fee Plan.

Name	Shares Beneficially Owned[1][2][3]	Stock Options Exercisable within 60 days of January 31, 2022	Stock Equivalent Units
R. Gonzalez	406,012	610,724	0
R. Alpern	30,121	0	8,210
R. Austin	49,284	0	0
W. Burnside	21,562	0	0
T. Freyman	129,237	0	0
B. Hart	14,076	0	0
E. Liddy	26,683	0	28,024
M. Meyer	11,102	0	0
E. Rapp	37,551	0	21,434
R. Roberts	8,332	0	0
G. Tilton	46,518	0	35,217
F. Waddell	23,562	0	0
R. Michael	37,877	176,768	0
L. Schumacher	197,098	312,592	0
M. Severino	103,252	579,801	0
J. Stewart	48,442	164,606	0
All directors and executive officers as a group[4]	1,500,479	1,844,491	92,885

(1) The table includes shares held in the executive officers' accounts in the AbbVie Savings Plan as follows: all executive officers as a group, 5,780. Each executive officer has shared voting power and sole investment power with respect to the shares held in his or her account.

(2) The table includes restricted stock units held by the non-employee directors. The directors' units are payable in stock as described in footnote (2) to the Director Compensation table.

(3) The table includes shared voting and/or investment power over shares as follows: R. Gonzalez, 29,415; T. Freyman, 7,882; G. Tilton, 350; and all directors and executive officers as a group, 137,560.

(4) The directors and executive officers as a group own less than one percent of the outstanding shares of AbbVie.

Securities Ownership of Principal Stockholders

The table below reports the number of shares of AbbVie common stock beneficially owned as of December 31, 2021 by The Vanguard Group and BlackRock, Inc. (directly or through subsidiaries), respectively, the only persons known to AbbVie to own beneficially more than 5% of AbbVie's outstanding common stock. It is based on information contained in Schedules 13G filed with the Securities and Exchange Commission by The Vanguard Group on February 9, 2022 and by BlackRock, Inc. on February 3, 2022. The Vanguard Group reported that it had sole voting power with respect to 0 shares, shared voting power with respect to 3,006,849 shares, sole dispositive power with respect to 138,828,740 shares and shared dispositive power with respect to 7,483,329 shares. BlackRock, Inc. reported that it had sole voting power with respect to 111,064,229 shares, shared voting power with respect to 0 shares, sole dispositive power with respect to 128,197,555 shares and shared dispositive power with respect to 0 shares.

SECURITIES OWNERSHIP

Name and Address of Beneficial Owner	Shares Beneficially Owned	Percent of Class
The Vanguard Group 100 Vanguard Blvd. Malvern, PA 19355	146,312,069	8.28 %
BlackRock, Inc. 55 East 52nd Street New York, NY 10055	128,197,555	7.3 %

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EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

This Compensation Discussion and Analysis (CD&A) describes the pay philosophy established for AbbVie's named executive officers (NEOs), the design of our compensation programs, the process used to examine performance in the context of executive pay decisions, and the performance goals and results for each NEO:

RICHARD A. GONZALEZ	ROBERT A. MICHAEL	LAURA J. SCHUMACHER	MICHAEL E. SEVERINO	JEFFREY R. STEWART
Chairman of the Board of Directors and Chief Executive Officer	Vice Chairman, Finance and Commercial Operations and Chief Financial Officer	Vice Chairman, External Affairs and Chief Legal Officer	Vice Chairman and President	Executive Vice President, Chief Commercial Officer

Although we describe our programs in the context of the NEOs, it is important to note that our programs generally have broad eligibility and therefore in most cases apply to employee populations outside the NEO group as well. The content of this section is organized according to the following.

EXECUTIVE SUMMARY	32
Compensation Philosophy	32
Business Overview	32
Business Performance Highlights	33
Components of our Compensation Program	37
2021 Performance Results	37
Stockholder Engagement	39
Compensation Program Governance Summary	40

EXECUTIVE COMPENSATION PROCESS	41
Commitment to Performance-Based Awards	41
Committee Process for Setting Total Compensation	41
Compensation Benchmarking	41
Role of the Compensation Consultant	41
Compensation Risk Oversight	42

COMPENSATION PLAN ELEMENTS	42
Base Salary	42
Short-Term Incentives	42
Long-Term Incentives	45
Benefits	46
Employment Agreements	47
Excise Tax Gross-Ups	47
Change in Control Agreements	47

OTHER MATTERS	48
Stock Ownership Guidelines	48
Clawback Policy	48
Anti-Hedging and Anti-Pledging Policies	48

Executive Summary

COMPENSATION PHILOSOPHY

We believe that a well-designed compensation program should:

1 **Align executive interests** with the drivers of stockholder returns and profitable growth

2 Support achievement of the company's **primary business goals** to have a remarkable impact on patients' lives

3 **Attract and retain world-class executives** whose talents and contributions sustain the growth in long-term stockholder value

WHAT WE DO

- ✓ We balance short- and long-term strategic objectives and directly link compensation to stockholder value.
- ✓ We tie more than three-fourths of our NEO compensation to performance.
- ✓ We are committed to pay equity and conduct pay equity analyses annually to ensure pay is equitable across genders and ethnicities among U.S. employees.
- ✓ We have broad discretion to claw back incentive awards in the unlikely event of a restatement of earnings or material breach of the AbbVie Code of Business Conduct.
- ✓ We engage annually with our largest stockholders to gather feedback on our policies and practices.
- ✓ We have robust stock ownership guidelines and prohibit the selling of shares unless ownership guidelines have been met.

WHAT WE DO NOT DO

- X We do not have employment agreements with any of our NEOs.
- X We do not provide excise tax gross-ups on NEO compensation.
- X NEOs are prohibited from entering or engaging in the purchase or sale of financial instruments that are designed to hedge or offset any decrease in the market value of AbbVie equity securities they hold.
- X We do not include pay design features that may have the potential to encourage excessive risk-taking.
- X We do not pay dividends on unearned performance shares.
- X We do not have single trigger change in control.

BUSINESS OVERVIEW

On May 8, 2020, AbbVie completed the acquisition of Allergan plc (Allergan). The acquisition of Allergan created a diversified biopharmaceutical company positioned for success with a comprehensive product portfolio that has leadership positions in key therapeutic areas of immunology, hematologic oncology, aesthetics, neuroscience, and eye care.

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BUSINESS PERFORMANCE HIGHLIGHTS

AbbVie has delivered robust financial results since our launch in 2013

Adjusted Net Revenues
14.7%
compound annual growth rate*

TSR
474.7%
9 year total stockholder return

Approvals
21
major product or indication approvals

Market Capitalization Increase
~$185BN
added significant stockholder value

Quarterly Dividend Increase
>250%
raised to $1.41 per share from $0.40 per share at inception

Adjusted Diluted EPS
19.1%
compound annual growth rate*

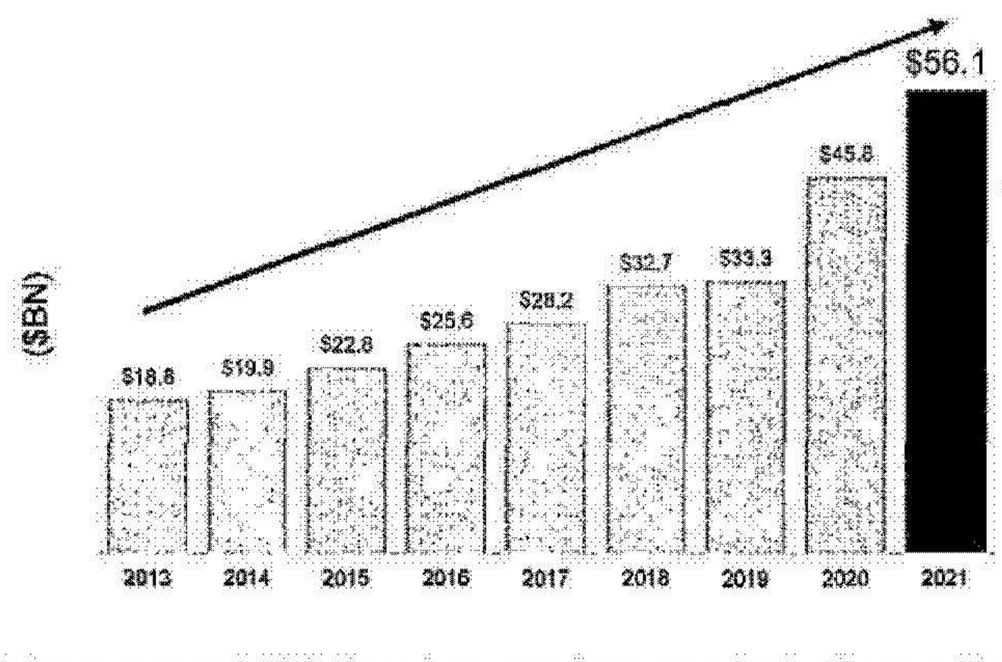
1,400 bps
operating margin expansion, adjusted*

~90
active clinical development programs**

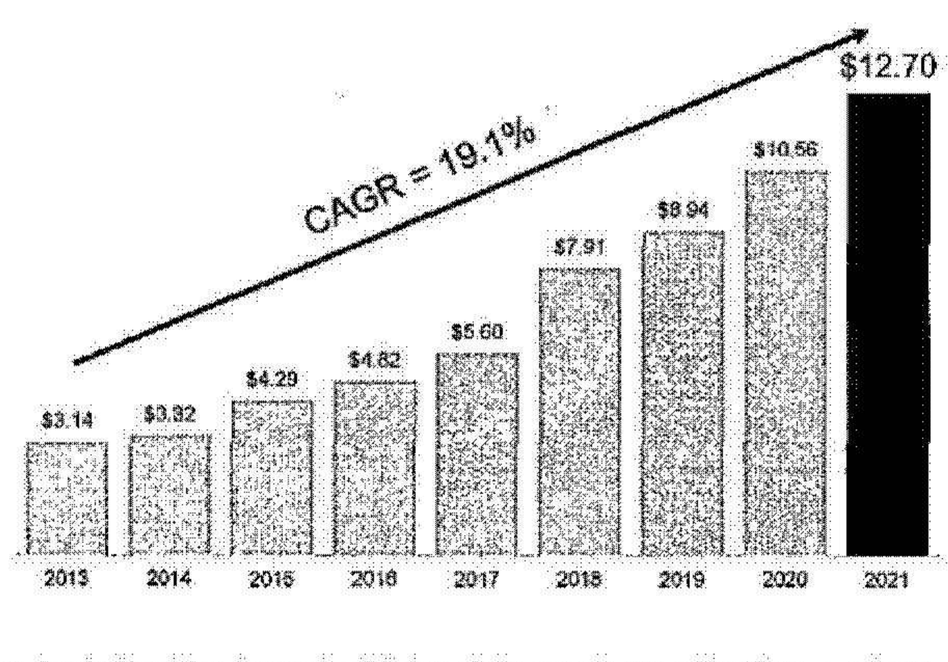
The measures set forth in this table were calculated as of 12/31/2021.
* Net revenues, diluted earnings per share and operating margin are adjusted to exclude certain specified items and are non-GAAP measures, which are reconciled in Appendix B.
** In development individually or under collaboration or license agreements

AbbVie has delivered a strong compound annual growth rate (CAGR) since inception on adjusted net revenues and adjusted diluted earnings per share (EPS), placing AbbVie in the top tier of its Health Care Peer Group. Additionally, AbbVie is committed to a robust return of capital to stockholders with an increase of more than 250% in its quarterly dividend since 2013 as part of a balanced and disciplined capital allocation program. AbbVie's total stockholder return (TSR) since inception of 474.7% also places AbbVie in the top tier of its Health Care Peer Group, and more than 175 percentage points above the Standard & Poor's 500 Index and 285 percentage points above the NYSE Arca Pharmaceutical Index over the same time period.

Adjusted Net Revenues*



Adjusted EPS*



*Net revenues and diluted earnings per share are adjusted for specified items, including the impact of intangible asset amortization, and are non-GAAP measures, which are reconciled in Appendix B.

NET REVENUES*

AbbVie reported worldwide net revenues of $56.1 billion in 2021. Worldwide net revenues increased by 23% on a reported basis or 11% on a comparable operational basis**, which included strong and balanced performance from immunology, hematologic oncology, aesthetics, and neuroscience.

GROSS AND OPERATING MARGINS*

In 2021, AbbVie reported a gross margin of 69.0% on a GAAP basis or 83.2% of net revenues on an adjusted basis. AbbVie's operating margin was 31.9% on a GAAP basis or 50.3% of net revenues on an adjusted basis. The adjusted operating margin reflects an improvement of 230 basis points versus 2020.

EARNINGS PER SHARE*

For 2021, AbbVie reported full-year diluted EPS of $6.45 on a GAAP basis and adjusted diluted EPS of $12.70, up 20.3%. For 2022, AbbVie provided a diluted EPS guidance range of $9.26 to $9.46 on a GAAP basis and $14.00 to $14.20 on an adjusted basis. The midpoint of the 2022 adjusted guidance represents growth of 11% over 2021, reflecting strong operating dynamics in the underlying business.

REGULATORY MILESTONES

AbbVie also achieved a number of regulatory milestones in markets worldwide for several key products, including regulatory approvals for Skyrizi for the treatment of active psoriatic arthritis (PsA), Qulipta for the preventive treatment of episodic migraine in adults, Vuity for the treatment of presbyopia, and Rinvoq in three additional indications: for the treatment of adult patients with active psoriatic arthritis (PsA), for the treatment of adult patients with active ankylosing spondylitis (AS), and for the treatment of adults and adolescents with moderate to severe atopic dermatitis (AD). AbbVie also submitted regulatory applications for an additional indication of Skyrizi for the treatment of patients 16 years and older with moderate to severe Crohn's Disease (CD) as well as Rinvoq in two additional indications: for the treatment of adults with moderately to severely active ulcerative colitis (UC) and for adults with non-radiographic axial spondyloarthritis (nr-AxSpa).

PIPELINE DEVELOPMENT

With more than 50 programs in mid- and late-stage development, AbbVie made significant pipeline advancements in 2021. In addition to several positive Phase 3 readouts across multiple indications for Skyrizi and Rinvoq, AbbVie also reported positive registration enabling data for Vraylar as an adjunctive treatment for patients with major depressive disorder (MDD) and ABBV-951, a potentially transformative therapy for patients with advanced Parkinson's Disease. Several important Phase 3 programs are ongoing in other areas of our pipeline, including studies for Venclexta in multiple myeloma (MM) and myelodysplatic syndrome (MDS) and Navitoclax for mylefibrosis.

* Net revenues, adjusted gross and operating margins, and diluted earnings per share are adjusted for specified items and are non-GAAP measures, which are reconciled in Appendix B.
**Comparable operational comparisons include full-period current year and prior year results for Allergan products, as if the acquisition closed on January 1, 2020, and are presented at constant currency rates that reflect comparative local currency net revenues at the prior year's foreign exchange rates.

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Performance Relative to Peer Group*

AbbVie is in the top tier of its peers on several financial measures. The chart below outlines AbbVie's eight-year performance relative to its Health Care Peer Group.

Since Inception (2013-2021)

Metric	0th	25th	50th	75th	100th
GAAP Sales Growth					100%
Adjusted Operating Income Growth					100%
Adjusted EPS Growth					100%
GAAP Operating Cash Flow Growth					100%
Adjusted Return on Equity					100%

Last Year (2021)

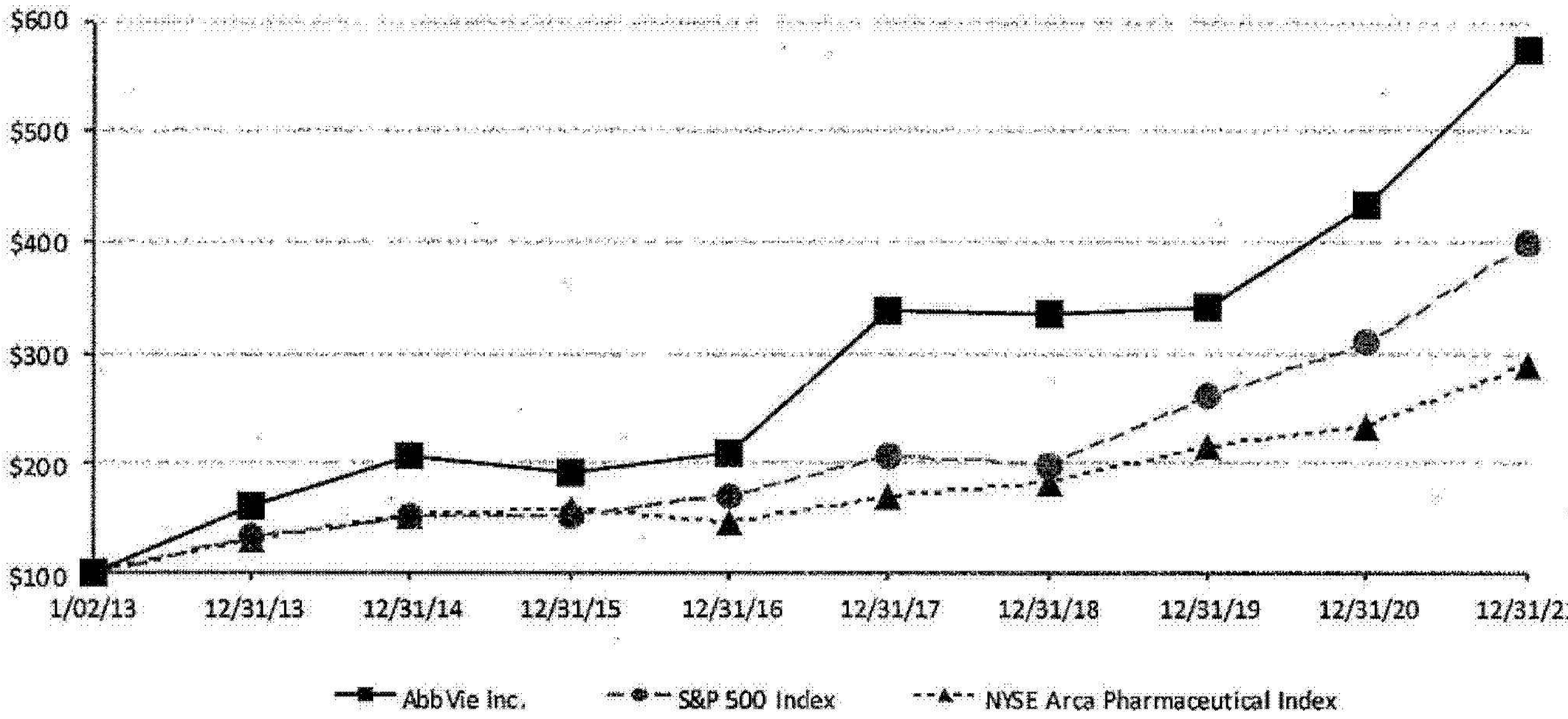
Metric	0th	25th	50th	75th	100th
GAAP Sales Growth				88%	
Adjusted Operating Income Growth				88%	
Adjusted EPS Growth			62%		
GAAP Operating Cash Flow Growth			70%		
Adjusted Return on Equity					100%

*Rankings based on financial results as initially reported by AbbVie and peers in each respective fiscal year and may not be adjusted for the impact of mergers, acquisitions, and/or divestitures.

TOTAL STOCKHOLDER RETURN (TSR)

Since becoming a public company in 2013, AbbVie has delivered a total stockholder return of 474.7%, which places AbbVie in the top tier of its Health Care Peers and surpasses the cumulative total returns of the Standard & Poor's 500 Index and the NYSE Arca Pharmaceutical Index, as shown in the graph below. The graph covers the period from January 2, 2013 (the first day AbbVie's common stock began "regular-way" trading on the NYSE) through December 31, 2021. The graph assumes $100 was invested in AbbVie common stock and each index on January 2, 2013 and also assumes the reinvestment of dividends. The stock price performance in the following graph is not necessarily indicative of future stock price performance.

Comparison of Cumulative Total Return since AbbVie's Launch



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COMPONENTS OF OUR COMPENSATION PROGRAM

The compensation committee of the board oversees our executive compensation program, which includes several compensation elements that have each been tailored to incentivize and reward specific aspects of company performance the board believes are central to delivering long-term stockholder value. Key components of our compensation program are listed below.

Base Salary

Designed to be competitive with market and industry norms, and to reflect individual performance

Individual salaries are established relative to market median based on each NEO's individual performance, skills, and experience, and internal equity, as well as the company's annual operating budget

Short-Term Incentives

Performance Incentive Plan (PIP)

Based on non-GAAP performance measures such as:

- Net revenues
- Income before taxes
- Operating margin
- Return on assets
- Strategic and leadership goals

Long-Term Incentives

80% Performance shares and performance-vested restricted stock units

20% Non-qualified stock options

Our Compensation Philosophy

Align executive interests with the drivers of stockholder returns and profitable growth

Support achievement of the company's **primary business goals** to have a remarkable impact on patients' lives

Attract and retain world-class executives whose talents and contributions sustain the growth in long-term stockholder value

The compensation committee is dedicated to ensuring that a substantial portion of executive compensation is "at-risk" and variable. Generally, more than three-fourths of our NEOs' total direct compensation is variable and directly affected by both the company's and the NEO's performance.

The committee believes the use of non-GAAP metrics to measure company performance for incentive plan purposes is appropriate. The use of certain non-GAAP metrics aligns NEOs to performance objectives that are commonly used to evaluate the performance of the company, provide accountability, and avoid inappropriate windfalls or penalties due to factors outside of their control. Importantly, both the goals and the financial performance are presented on a consistent non-GAAP basis.

2021 PERFORMANCE RESULTS

The performance targets established under our annual and long-term incentive plans are rigorous and calibrated to a range of potential outcomes, with above target payouts for strong performance and below target payouts (including no payout) for below target performance. Targets are based on expected business, market and regulatory conditions, including expectations for our pipeline. The financial goals shown in the following table were carried by all of the NEOs as part of their 2021 performance goals. The specific weightings for each NEO are established at the start of each performance year based on the NEO's role and anticipated contributions to the company's annual objectives. Financial goals are set rigorously; achievement of these targets has resulted in top-tier industry performance.

Financial Goals

Goal and Expected Result[1]	2020 Actual	2021 Target	2021 Target vs. 2020 Actual	2021 Actual	2021 Actual vs. 2021 Target
A. Non-GAAP Net Revenues	$ 45.5 BN [2]	$ 55.0 BN	121 %	$ 55.5 BN [2]	101 %
B. Non-GAAP Income Before Taxes	$ 20.1 BN [2]	$ 25.4 BN	126 %	$ 25.9 BN [2]	102 %
C. Adjusted Return on Assets	22.1 %	19.4 % [3]	88 % [3]	19.5 %	101 %
D. Non-GAAP Operating Margin	$ 22.1 BN [2]	$ 27.8 BN	126 %	$ 28.2 BN [2]	102 %

(1) Results achieved reflect certain specified items, which are reconciled in Appendix B.

(2) Evaluated on a constant currency basis.

(3) 2020 Actual included only 8 months of Allergan's results; 2021 Target reflects 12 months of Allergan's impact and the overall larger asset base due to Allergan.

The committee reviews and ensures all goals are appropriately rigorous and in line with the long-term success of the company. Each NEO achieved or exceeded his or her 2021 goals, which are listed below:

- **Richard A. Gonzalez:** Drive top-tier business performance; execute key strategic initiatives to drive sustainable long-term business performance; deliver value to our stockholders, building investor confidence and credibility; successfully advance mid- and late-stage pipeline assets; continue to drive employee engagement and motivation around AbbVie's mission and future prospects; and advance our transformation to a biopharmaceutical culture.
- **Robert A. Michael:** Achieve proprietary pharmaceutical pipeline enhancement objectives; and provide support on corporate strategic initiatives and build shareholder value through investor activities.
- **Laura J. Schumacher:** Successfully continue to develop and implement strategies to effectively resolve key litigation matters; achieve proprietary pharmaceutical pipeline enhancement objectives; execute biologics strategic development initiatives; and support research and development initiatives per company strategy.
- **Michael E. Severino:** Achieve key research and development milestones per company strategy; and achieve proprietary pipeline innovation objectives.
- **Jeffrey R. Stewart:** Achieve key product milestones; and successfully adapt and execute market strategies relative to external considerations.

In 2021, our NEOs continued to take a formal goal aligned to protecting AbbVie's reputation across a range of environmental, social, and governance (ESG) topics aligned to our long-term company strategy and ESG framework. The ESG goal was weighted 10% within the short-term incentive program for each NEO. As part of this ESG goal category, all senior leaders, including the NEOs, continued to take a goal aligned to executing the Equity, Equality, Diversity & Inclusion (EED&I) strategy.

AbbVie's senior executives have different areas of focus when it comes to driving the company's ESG framework, and together, the executives' ESG goals cover all of AbbVie's material ESG drivers (which are discussed in more detail on page 8 of this proxy statement). These executives' ESG goals are a mix of quantitative goals (for

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example, reducing carbon emissions using a specific target) and qualitative goals (for example, maintaining status as a top employer).

Key achievements under the ESG goal category in 2021 by AbbVie's senior executives included, for example:

- Committed to joining the Science-based Targets Initiative (SBTi) by setting ambitious science-based emissions reduction targets to support limiting global temperature rise to no more than 1.5 degrees Celsius above pre-industrial levels.
- Expanded access to patients who have difficulty paying for their medicine by providing medicine to more than 170,000 U.S. patients at no cost through our patient assistance program.
- Established an ESG Council, chaired by our Vice Chairman, External Affairs and Chief Legal Officer and composed of senior-level leaders from across the company to further strategic, enterprise-aligned delivery on AbbVie's ESG Framework.
- Continued progress on AbbVie's EED&I strategy, including:
    - Our top EED&I indicators of performance – including representation and education – were included in AbbVie's 2021-2022 Strategic Roadmap to help deliver AbbVie's EED&I vision, strategy and priorities across the company.
    - We continue to drive an inclusive culture through driving awareness and understanding. Each year, AbbVie employees and people leaders complete learning sessions to strengthen our AbbVie community and realize the full value of our diverse workforce. More than 90% of employees and senior leaders completed a learning session.
    - We have several initiatives to develop and engage our diverse talent. In 2021, we increased participation in our Executive Diversity Mentoring Program by 300% and launched a Sponsorship program, building on our culture of mentorship with an emphasis on equity, to create more pathways for talent of diverse backgrounds and experiences to be successful at AbbVie.
    - We are focused on creating connections and building a sense of community, well-being and belonging. In 2021, we increased overall membership in Employee Resource Groups by 30% and conducted a series of virtual employee voice sessions focused on enhancing workplace culture and advancing inclusion.
- Maintained recognition as a top employer in our industry, including:
    - DiversityInc "Top 50 Companies for Diversity" – *Top 15*
    - FORTUNE "100 Best Companies to Work For" – *Included for four consecutive years*
    - Great Place to Work "World's Best Workplaces" – *Included for five consecutive years*
    - More details on the external recognition of AbbVie's efforts can be found on page 11 of this proxy statement.

STOCKHOLDER ENGAGEMENT

2021 Say on Pay Results

At our 2021 Annual Meeting, the say on pay proposal received support from over 89% of our stockholders. The board and compensation committee are encouraged by the continued, consistent stockholder support for our executive compensation program.

89%

Say on Pay Results

AbbVie is committed to regular, ongoing engagement with stockholders to ensure that we continue to understand stockholder feedback about our compensation program and incorporate that feedback into the compensation decision-making process. To that end, in 2021 AbbVie reached out to stockholders representing nearly 40% of the company's outstanding shares.

In these discussions, the aggregate feedback acknowledged the alignment of our executives' pay with AbbVie's performance and expressed support for our compensation program, consistent with the level of stockholder support for our say on pay proposals since inception. The feedback informs the compensation committee's continuous assessment of the program design and ongoing discussions with stockholders, which contribute to the evolution of the programs.

COMPENSATION PROGRAM GOVERNANCE SUMMARY

In addition to strong alignment of pay with the performance of the company and our NEOs, we maintain and are committed to good governance practices, including the following:

Good Governance Practices	
Balanced Incentive Plan Design	✓ Annual incentive plan includes financial, operational, and strategic metrics to assess performance ✓ Annual incentive payout matrix used to define and cap the range for the committee's determinations (at or below the plan maximum of 200% of target) ✓ Long-term incentive design emphasizing multiple, relative performance metrics and multi-year performance periods ✓ No duplication of performance metrics in short- and long-term incentives
Pay Equity and Sustainability	✓ Commitment to pay equity and annual pay equity analyses to ensure pay is equitable across genders and ethnicities among U.S. employees ✓ Incorporation of ESG into the strategic/leadership goals within the annual incentive plan
Strong Governance Practices	✓ Committee has broad discretion to claw back incentive awards in the unlikely event of a restatement of earnings or material breach of the AbbVie Code of Business Conduct ✓ Anti-hedging and anti-pledging policies ✓ Annual comprehensive compensation program risk review ✓ Independent compensation consultant that performs no other work for the company
Pay for Performance and Stockholder Alignment	✓ Short- and long-term incentive programs closely align with performance ✓ Majority of NEO compensation tied to long-term performance ✓ Proactive stockholder engagement process
Robust Stock Ownership Requirements	✓ 6x salary for CEO and 3x salary for NEOs ✓ 5x annual fees for non-employee directors ✓ NEOs must hold and not sell equity until the minimum stock ownership requirement is satisfied
Responsible Pay Practices	✓ No single trigger vesting of equity or other benefits in the event of a change in control ✓ No repricing of stock options without express stockholder approval ✓ No tax gross-ups in executive compensation program ✓ No employment contracts ✓ No guaranteed short-term incentives or equity awards ✓ No dividends paid on unearned performance awards

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Executive Compensation Process

COMMITMENT TO PERFORMANCE-BASED AWARDS

The majority of AbbVie's NEO pay is performance-based. Specific goals and targets are the foundation of our pay-for-performance process, and this section describes how they apply to each pay component. Though quantitative metrics such as financial and operational results are a central part of our performance assessment, some goals such as leadership and progress against strategic and long-term objectives are difficult to measure using numeric or formulaic criteria. As such, the compensation committee also conducts a qualitative assessment of individual performance to ensure the overall assessment of performance and pay decisions are aligned with the company's true performance over a period of time. A discussion of the decision-making criteria for each pay component follows.

COMMITTEE PROCESS FOR SETTING TOTAL COMPENSATION

Each February, the committee, with the assistance of its independent compensation consultant and AbbVie's management team, determines pay levels for NEOs. The process starts with a consideration of compensation levels and the mix of compensation for comparable executives at companies in AbbVie's Health Care Peer Group, which are listed below in the section captioned "Compensation Benchmarking." After this benchmark review, the committee establishes NEO compensation—base salary adjustments, annual incentive awards, and long-term incentive awards—relative to the peer median in each instance. Awards can be differentiated from the peer compensation levels based on company performance, each NEO's individual performance, leadership, and contributions to AbbVie's business and strategic performance.

COMPENSATION BENCHMARKING

To provide the appropriate context for executive pay decisions, the committee, in consultation with its independent compensation consultant, assesses the compensation practices and pay levels of AbbVie's Health Care Peer Group. The committee chooses to focus on the Health Care Peer Group because its constituents share important characteristics with AbbVie, particularly the global emphasis on research-based pharmaceuticals and biopharmaceutical therapies and the regulatory environment within which they operate. Members of the Health Care Peer Group are AbbVie's primary competitors for executive talent and are companies the committee believes chiefly represent our competitive market:

Health Care Peer Group
Amgen, Inc.
Bristol-Myers Squibb Company
Eli Lilly and Company
Gilead Sciences, Inc.
GlaxoSmithKline plc
Johnson & Johnson
Merck & Company, Inc.
Novartis AG
Pfizer Inc.

ROLE OF THE COMPENSATION CONSULTANT

The compensation committee has engaged Compensation Advisory Partners as its independent compensation consultant. The committee's independent consultant reports directly to the chair of the committee. The consultant meets regularly, and as needed, with the committee in executive sessions, has direct access to the chair during and between meetings, and performs no other services for AbbVie or its senior executives. The committee determines what variables it will instruct its consultant to consider, which include: peer groups against which performance and pay should be examined, metrics to be used to assess AbbVie's performance, competitive incentive practices in the marketplace, and compensation levels relative to market benchmarks.

COMPENSATION RISK OVERSIGHT

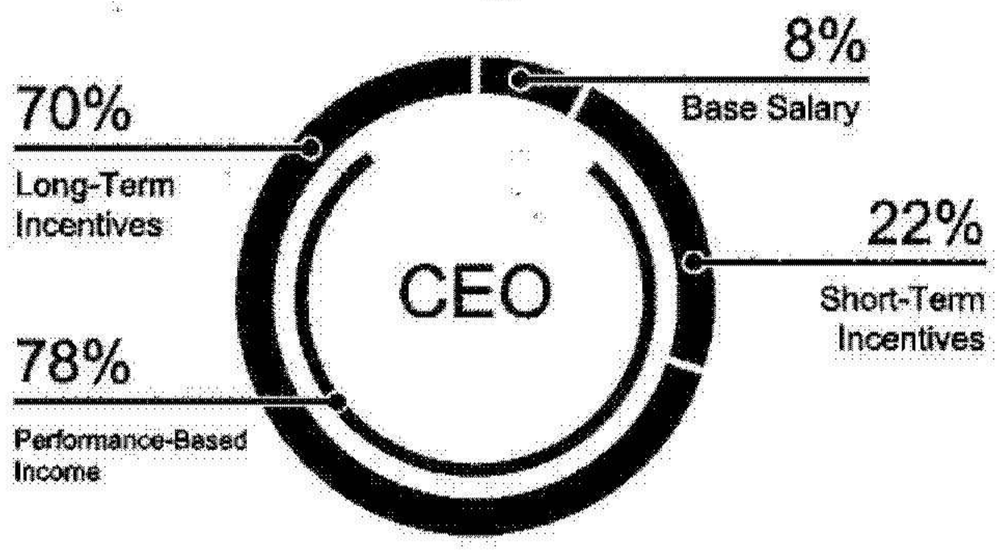
The company has established, and the compensation committee endorses, several controls to address and mitigate compensation-related risk, such as employing a diverse set of performance metrics, maintaining robust stock ownership guidelines for its executives and non-employee directors, and retaining broad discretion to recover incentive awards in the unlikely event that incentive plan award decisions are based on earnings that are subsequently restated or based on misconduct that would constitute a material breach of the AbbVie Code of Business Conduct. The committee, in collaboration with its independent compensation consultant, identified no material risks in AbbVie's compensation programs in 2021.

When considering compensation-related risk, the committee is aware of certain risks associated with drug pricing decisions. The committee weighs these, as well as other risks material to the company, when designing AbbVie's compensation programs. In addition, the committee, comprised entirely of independent directors, has discretion to adjust incentive payments, if needed, including to reflect decisions executives make that may impact AbbVie's reputation and long-term sustainability.

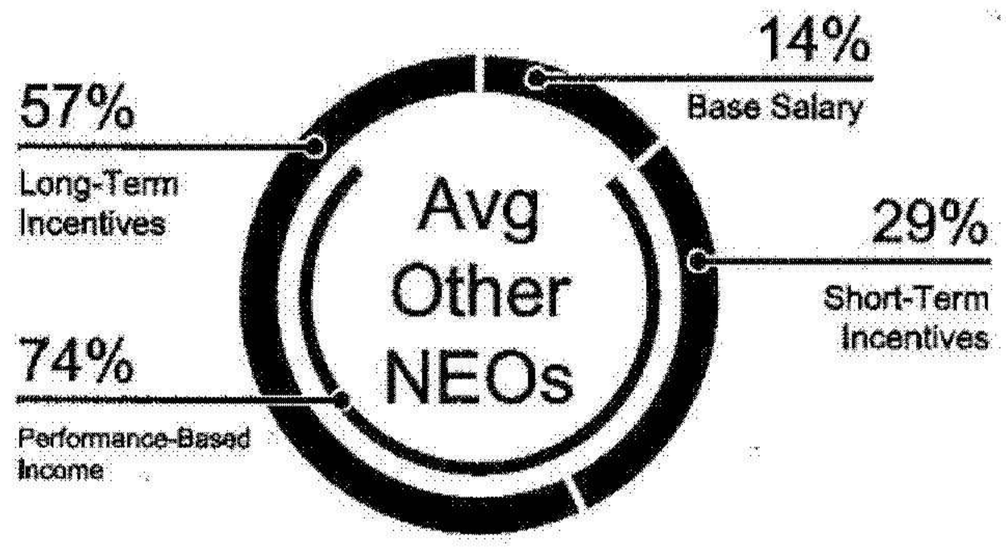
Compensation Plan Elements

Three primary components make up AbbVie's executive pay program: (1) base salary, (2) short-term incentives and (3) long-term incentives. The structure of each component is tailored to serve a specific function and purpose.

CEO Pay Mix



All Other NEO Average Pay Mix



BASE SALARY

The compensation committee sets appropriate levels of base salary to ensure that AbbVie can attract and retain a leadership team that will continue to meet our commitments to customers and patients and sustain long-term profitable growth for our stockholders. Generally, the committee considers the median of the Health Care Peer Group as an initial benchmark, but also references additional information as needed. Specific pay rates are then established for each NEO relative to his or her market benchmark based on the NEO's performance, experience, unique skills, internal equity with others at AbbVie, and the company's operating budget.

SHORT-TERM INCENTIVES

Performance Incentive Plan

Annual cash incentives are paid to NEOs through AbbVie's Performance Incentive Plan (PIP), which rewards executives for achieving key financial and non-financial goals measured at the company and individual levels. AbbVie's PIP structure is designed to align NEOs' interests directly with AbbVie's annual operating strategies to advance our mission, financial goals, and leadership behaviors. In doing so, it provides a direct link between the NEOs' short-term incentives and the company's and the NEOs' annual performance results through measurable financial and operational performance followed by qualitative assessments of clearly defined strategic progress and leadership behaviors.

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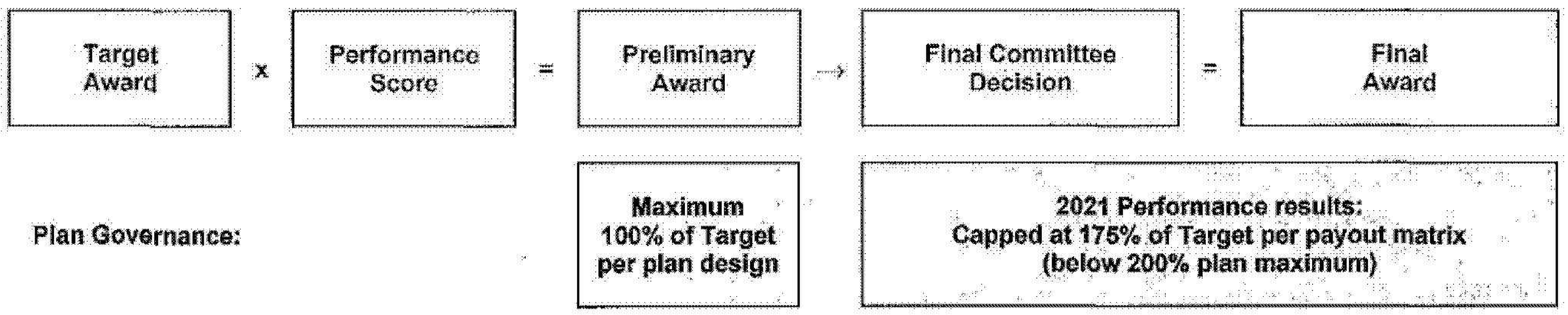
NEO target incentive amounts are set as a percentage of base salary. Mr. Gonzalez's target is 165% of base salary. The targets for the other NEOs range from 110% to 125% of base salary. The maximum potential payout under the PIP is capped at 200% of target for all participants.

Determining actual incentive amounts is a multi-step process. First, an initial performance score is calculated for each NEO based on performance against weighted financial and strategic/leadership goals. This performance score results in a preliminary award amount of up to 100% of target only. Final awards are determined by the compensation committee based on a qualitative assessment of holistic performance. A formal payout matrix based on net revenues and income before taxes guides the committee by capping the range of final awards at or below the plan maximum of 200% of target. This process is more fully described below:

Illustration of 2021 Incentive Calculation



Initial Performance Score

Initial performance scores are calculated for each NEO based on performance against weighted financial and strategic/leadership goals. The goals and their respective weightings are summarized in the chart below. The specific goals and weightings for each NEO (including the CEO) are established at the start of each performance year based on the NEO's role and anticipated contributions to the company's annual objectives.

	Income Before Taxes	Net Revenues, Operating Margin, and Return on Assets	R&D/ Innovation	Business Development	ESG	Allergan Integration	Other
Richard A. Gonzalez	20 %	50 %	10 %		10 %	10 %	
Robert A. Michael	20 %	60 %			10 %	10 %	
Laura J. Schumacher	20 %	20 %	10 %	10 %	10 %	10 %	20 %
Michael E. Severino	20 %	20 %	30 %	10 %	10 %	10 %	
Jeffrey R. Stewart	20 %	50 %			10 %	10 %	10 %

Assessments of performance against financial results consider the effect of foreign exchange and other specified adjustments and/or unusual or unpredictable events, and the appropriateness of these adjustments is reviewed annually by the committee. In 2021, specified adjustments included intangible asset amortization, acquisition and integration-related costs, milestones and other research and development expenses, acquired in process research and development, change in fair value of contingent consideration, tax audit settlements, impacts related to tax law changes, and other items, as described in Appendix B.

Annual Incentive Payout Matrix and Final Committee Decisions

The annual incentive payout matrix establishes a potential range of final incentive outcomes based on net revenues and income before taxes. For 2021, actual net revenue performance was 101% compared to target, while actual income before taxes was 102% compared to target. As a result of this performance, the annual incentive payout matrix capped the annual incentives at 175% of target, below the plan maximum of 200% of target.

Annual Incentive Payout Matrix[1]	2020 Actual	2021 Target	2021 Target vs. 2020 Actual	2021 Actual	2021 Actual vs. 2021 Target
Non-GAAP Net Revenues	$ 45.5 BN [2]	$ 55.0 BN	121 %	$ 55.5 BN [2]	101 %
Non-GAAP Income Before Taxes	$ 20.1 BN [2]	$ 25.4 BN	126 %	$ 25.9 BN [2]	102 %
			2021 Payout Matrix Result	**Capped at 175% of target (below 200% plan maximum)**	

(1) Results achieved reflect certain specified items, which are reconciled in Appendix B.

(2) Evaluated on a constant currency basis.

Final awards are determined by the compensation committee based on a qualitative assessment of holistic performance. While the committee relies heavily on objective, quantitative metrics to determine PIP awards, this qualitative element ensures the review is comprehensive and includes all individual, strategic, and leadership goals for which assessment is not dictated solely by numeric or formulaic applications. Moreover, while each participant has predetermined goals, the committee also considers relative achievements and/or developments in the company, the marketplace, and the global economy that could not have been foreseen when individual goals were established. Actual awards paid ranged from 152% to 175% of the target award.

	Target Award	Actual Award Paid	Incentive Target %
Richard A. Gonzalez	$2,805,000	$4,908,750	165 %
Robert A. Michael	1,625,000	2,630,000	125 %
Laura J. Schumacher	1,507,920	2,638,860	120 %
Michael E. Severino	1,775,725	2,700,000	125 %
Jeffrey R. Stewart	1,189,650	2,050,000	110 %

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LONG-TERM INCENTIVES

The LTI program design aligns AbbVie's long-term incentive compensation with key operational and financial initiatives, including sustained EPS growth and generation of superior investment returns relative to peers. In 2021, NEOs received annual grant LTI awards with the following characteristics:

Long-Term Incentive Program

Award Type	Metric	Performance Period
40% Performance Shares	EPS 3-Year Relative TSR Modifier	3 Years
40% Performance-Vested Restricted Stock	Relative Return on Invested Capital	3 Years
20% Non-Qualified Stock Options	Stock Price Appreciation	10-year term

- **Performance Shares (40% of total LTI award)**—These awards have the potential to vest at 0% to 250% of target after a three-year performance period and are earned based on company performance in earnings per share (EPS) and relative total stockholder return (TSR). TSR performance is measured relative to a group made up of companies that are constituents in either the S&P Pharmaceutical, Biotech, and Life Science Index or the NYSE Arca Pharmaceutical Index. Dividends on performance shares accrue during the performance period and are paid at vesting only to the extent that shares are earned.
- **Performance-Vested Restricted Stock (40% of total LTI award)**—These awards have the potential to vest at 0% to 200% of target in one-third increments during a three-year performance period based on AbbVie's return on invested capital (ROIC) articulated as pre-set goals and measured relative to a group made up of companies that are constituents in either the S&P Pharmaceutical, Biotech, and Life Science Index or the NYSE Arca Pharmaceutical Index. Dividends accrue during the performance period and are paid at vesting only to the extent that shares are earned.
- **Non-Qualified Stock Options (20% of total LTI award)**—These awards have the potential to vest in one-third increments on each of the first three annual anniversaries of the grant date, subject to continued employment with the company. The option exercise price is set at or above fair market value on the grant date. To the extent that the options vest, the award expires ten years after the grant date.

Performance Share and Performance-Vested Restricted Stock Performance Targets and Results

Performance targets and results associated with the 2021 annual grant awards of performance shares and performance-vested restricted stock are shown below. Total stockholder return results are in progress; these results and their impact on final payout will be disclosed following the completion of the three-year performance period.

Performance Objective	Threshold	Target	Maximum	Result	Impact on Payout
Adjusted Diluted EPS(1)	$12.37	$12.42	$12.62	$12.70	200%
Relative TSR	Relative TSR is measured over a 3-year performance period and used as a modifier				
Relative ROIC (2021 Award)	40th - 50th percentile	50th - 65th percentile	>85th percentile	80th percentile	175%
Relative ROIC (2020 Award)	40th - 50th percentile	50th - 65th percentile	>85th percentile	79th percentile	175%
Relative ROE (2019 Award)	50th - 75th percentile	75th - 90th percentile	>90th percentile	>90th percentile	150%

(1) Diluted earnings per share is adjusted to exclude certain specified items and is a non-GAAP measure, which is reconciled in Appendix B.

AbbVie granted performance shares in 2019 that were subject to a 3-year performance cycle that ended December 31, 2021. The table below describes the performance objectives, outcomes, and shares earned.

Performance Objective	Threshold	Target	Maximum	Actual	Performance Modifier
Relative TSR	15 pts below index	Equal to index performance	15 pts above index	9.5 pts above Index	115%

AbbVie's policy with respect to its annual equity award for all eligible employees, including the NEOs, is to grant the award and set the grant price at the compensation committee's regularly scheduled February meeting each year.

These meeting dates generally are the third Thursday of February and are scheduled two years in advance. The grant price is the average of the highest and lowest trading prices of a common share on the date of the grant (rounded up to the next even penny). The grant price for the 2021 annual grant was $105.92. The high, low and closing prices of an AbbVie common share on the grant date (February 18, 2021) were $106.61, $105.21, and $106.06 respectively. All LTI awards are subject to a minimum vesting period of 12 months.

BENEFITS

Benefits are an important part of retention and capital preservation for all employees, helping to protect against the impact of unexpected catastrophic loss of health and/or earnings potential, as well as providing a means to save and accumulate for retirement or other post-employment needs.

Each of the benefits described below supports the company's objective of providing a market competitive total rewards program. Individual benefits do not directly affect decisions regarding other benefits or pay components, except to the extent that all benefits and pay components must, in aggregate, be competitive, as previously discussed.

Retirement Benefits

The NEOs and other eligible U.S. employees participate in the AbbVie Pension Plan, the company's principal qualified defined benefit plan. NEOs and certain other employees also participate in the AbbVie Supplemental Pension Plan. These plans are described in greater detail in the section of this proxy statement captioned "Pension Benefits."

The Supplemental Pension Plan is a non-qualified defined benefit plan that cannot be secured in a manner similar to a qualified plan, for which assets are held in trust, so eligible NEOs receive an annual cash payment equal to the increase in the present value of their Supplemental Pension Plan benefit. Eligible NEOs have the option of depositing the annual payment into an individually established grantor trust, net of tax withholdings. Deposited amounts may be credited with the difference between the NEO's actual annual trust earnings and the rate used to calculate trust funding (currently 8 percent). Amounts deposited in the individual trusts are not tax-deferred and the NEOs personally pay the taxes on those amounts without gross-ups.

The manner in which the grantor trust assets are to be distributed to an NEO upon retirement from the company generally follows the distribution method elected by the NEO under the AbbVie Pension Plan. If an NEO (or the NEO's surviving spouse, depending on the pension distribution method elected by the NEO under the AbbVie Pension Plan) lives beyond the actuarial life expectancy age used to determine the Supplemental Pension Plan benefit, and therefore exhausts the trust balance, the Supplemental Pension Plan benefit will be paid to the NEO (or his or her surviving spouse) by AbbVie.

Savings Plans

The NEOs and other eligible U.S. employees are permitted to defer a portion of their annual base salary under the AbbVie Savings Plan, the company's principal qualified defined contribution plan, up to the IRS contribution limits. Eligible NEOs also may defer up to 18 percent of their base salary, less contributions to the AbbVie Savings Plan, to the AbbVie Supplemental Savings Plan, which is a non-qualified defined contribution plan.

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Eligible NEOs may defer these amounts to unfunded book accounts or choose to have the amounts paid in cash on a current basis and deposited into individually established grantor trusts, net of tax withholdings. These amounts are credited annually with earnings. Amounts deposited in the individual trusts are not tax-deferred and the NEOs personally pay the taxes on those amounts without gross-ups.

NEOs elect the manner in which the assets held in their grantor trusts will be distributed to them upon retirement or other separation from the company. These arrangements are described in greater detail in this proxy statement beginning with the section captioned "Summary Compensation Table."

Financial Planning

NEOs are paid an annual stipend of $10,000 for estate planning advice, tax preparation and general financial planning fees. The stipend is income to the NEO, who is responsible for payment of all resulting taxes without gross-ups.

Company-Provided Transportation

NEOs are eligible for transportation perquisites that are designed to improve the effectiveness and efficiency of their work, including the use of a company-leased vehicle and access to company-provided air travel, as appropriate. In some circumstances, these benefits may be used for personal travel, which would then be considered part of the NEO's total compensation and treated as taxable income to them under applicable tax laws. The NEOs pay the taxes on such income without gross-ups.

Disability Benefits

In addition to AbbVie's standard disability benefits, NEOs are eligible for a monthly long-term disability benefit, which is described on page 62 of this proxy statement.

EMPLOYMENT AGREEMENTS

AbbVie does not have employment agreements with any of its NEOs.

EXCISE TAX GROSS-UPS

AbbVie does not provide excise tax gross-ups on NEO compensation.

CHANGE IN CONTROL AGREEMENTS

AbbVie has entered into change in control agreements with its NEOs to aid in retention and recruitment, encourage continued attention and dedication to assigned duties during periods involving a possible change in control of the company, and to protect the earned benefits of the NEOs against potential adverse changes resulting from a change in control.

The change in control agreements contain a double-trigger feature, meaning that if the NEO's employment is terminated other than for cause or permanent disability, or if the NEO elects to terminate employment for good reason, within two years following a change in control, he or she is entitled to receive certain pay and benefits as described in the section of this proxy statement captioned "Potential Payments upon Termination or Change in Control."

Other Matters

STOCK OWNERSHIP GUIDELINES

AbbVie's stock ownership guidelines are designed to further promote sustained stockholder return and to ensure the company's senior executives remain focused on both short- and long-term objectives. Each senior executive has five years from the date of election or appointment to his or her position to achieve the ownership level associated with his or her position. NEOs are not allowed to sell stock, except for tax withholding at vesting or exercise, if they do not satisfy the minimum stock ownership requirement. The minimum stock ownership guidelines for the CEO and other NEOs are as follows:

Executive	Stock Ownership Requirement	Requirement Met?
Richard A. Gonzalez	6x Base Salary	Yes
Robert A. Michael	3x Base Salary	Yes
Laura J. Schumacher	3x Base Salary	Yes
Michael E. Severino	3x Base Salary	Yes
Jeffrey R. Stewart	3x Base Salary	Yes

In addition, AbbVie's non-employee directors are required to own AbbVie stock valued at five times (5x) the annual fee for service as a director under the AbbVie Non-Employee Directors' Fee Plan within five years of joining the board or as soon as practicable thereafter.

CLAWBACK POLICY

The committee does not anticipate there would ever be circumstances where a restatement of earnings upon which any incentive plan award decisions were based would occur or circumstances where an executive officer engages in misconduct that would constitute a material breach of the AbbVie Code of Business Conduct. Nevertheless, the committee, in evaluating such circumstances, has broad discretion to take all actions necessary to protect the interests of stockholders, up to and including actions to recover incentive awards. Further, the company is committed to disclosing in its annual proxy statement the occurrence of any recoupment regarding an executive officer when the underlying violation has already been publicly disclosed in company filings with the SEC. For more details, AbbVie's Code of Business Conduct is available in the corporate governance section of AbbVie's investor relations website at www.abbvieinvestor.com.

ANTI-HEDGING AND ANTI-PLEDGING POLICIES

AbbVie has a formal policy that prohibits directors and officers subject to Section 16 of the Exchange Act, including all of the NEOs, from entering into or engaging in the purchase or sale of financial instruments that are designed to hedge or offset any decrease in the market value of AbbVie equity securities they hold. AbbVie also has a formal policy that prohibits directors and officers subject to Section 16 of the Exchange Act, including all of the NEOs, from pledging AbbVie common stock as collateral for a loan.

In addition, the AbbVie Amended and Restated 2013 Incentive Stock Program provides that no long-term incentive award may be assigned, alienated, sold or transferred other than by will or by the laws of descent and distribution or as permitted by the compensation committee for estate planning purposes, and no award and no right under any award may be pledged, alienated, attached or otherwise encumbered. All members of senior management, including the company's NEOs and certain other employees, are required to clear any transaction involving company stock with the Legal department prior to entering into such transaction.

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Compensation Committee Report

The compensation committee of the board of directors is primarily responsible for reviewing, approving and overseeing AbbVie's compensation plans and practices, and works with management and the committee's independent compensation consultant to establish AbbVie's executive compensation philosophy and programs. The committee reviewed and discussed the Compensation Discussion and Analysis with management and recommended to the board of directors that the Compensation Discussion and Analysis be included in this proxy statement.

Compensation Committee

R. Austin, Chair, T. Freyman, E. Liddy, G. Tilton, and F. Waddell

Compensation Risk Assessment

During 2021, in collaboration with the compensation committee's independent compensation consultant, AbbVie conducted an in-depth risk assessment of its compensation policies and practices, including those related to executive compensation programs for NEOs. The risk assessment included a quantitative and qualitative analysis of AbbVie's executive compensation programs and broader employee incentive compensation plans. AbbVie also considered how these programs compare, from a design perspective, to programs maintained by other companies. Based on this assessment, it was determined that AbbVie's executive compensation programs are balanced and appropriately incent employees, and any risks arising from the compensation policies and practices are not reasonably likely to have a material adverse effect on AbbVie. The following factors were among those considered in making this determination:

- AbbVie is committed to pay equity and conducts pay equity analyses annually to ensure pay is equitable across genders and ethnicities among U.S. employees.
- AbbVie's compensation structure contributes to a corporate culture that encourages our NEOs to regard AbbVie as a long-term employer. For example, equity awards vest over multi-year periods, which encourages NEOs to consider the long-term impact of their decisions and align their interests with those of AbbVie's stockholders.
- AbbVie's annual incentive program is based on multiple performance measures, balancing earnings achievement with other factors. Since earnings are a key component of stock price performance, this aspect of AbbVie's compensation plan also promotes alignment with stockholder interests.
- AbbVie does not include certain pay design features that may have the potential to encourage excessive risk-taking, such as: over-weighting toward annual incentives, highly leveraged payout curves, unreasonable thresholds or dramatic changes in payout opportunity at certain performance levels that may encourage inappropriate short-term business decisions to meet payout thresholds. In addition, a limit of 200% of target applies to any awards made under the NEO short-term incentive plan.
- AbbVie's long-term incentive program focuses NEOs on longer-term operating performance and aligns NEOs with stockholder interests through the use of multi-year performance periods and multiple performance measures, including relative total stockholder return. In 2021, AbbVie's NEOs received roughly two-thirds of their total direct compensation in the form of long-term incentives (20% of which are stock options that may vest over a three-year period and 80% of which are performance-based awards that may vest over a three-year performance period).
- AbbVie makes equity awards and sets grant prices at the same time each year, at the compensation committee's regularly scheduled meeting in February. In addition, AbbVie does not award discounted stock options or immediately vesting equity awards.
- AbbVie has robust stock ownership guidelines for its senior executives, which promotes alignment with stockholder interests, and other good governance equity practices such as anti-hedging and anti-pledging policies.
- AbbVie's compensation committee has the ability to exercise downward discretion in determining annual incentive plan payouts.

- AbbVie's compensation committee has broad discretion to claw back incentive compensation that was awarded based on financials that were later restated or based on a material breach of the AbbVie Code of Business Conduct.
- AbbVie requires mandatory training on its code of conduct and policies and procedures to educate its employees on appropriate behaviors and the consequences of taking inappropriate actions.

The risk assessment results were presented to the compensation committee by its independent compensation consultant.

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Summary Compensation Table

This section contains compensation information for AbbVie's NEOs for the fiscal year ended December 31, 2021. The following table summarizes compensation awarded to, earned by and/or paid to AbbVie's NEOs in connection with their service to AbbVie during 2021, 2020 and 2019, as applicable. The section of this proxy statement captioned "Compensation Plan Elements" describes in greater detail the information reported in this table.

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards ($)(1)	Option Awards ($)(2)	Non-Equity Incentive Plan Compensation ($)(3)	Change In Pension Value and Non-qualified Deferred Compensation Earnings ($)(4)(5)	All Other Compensation ($)(6)	Total ($)
Richard A. Gonzalez	2021	$ 1,700,000	0	12,573,689	3,134,649	4,908,750	780,993	814,073	$ 23,912,154
Chairman of the Board and	2020	1,688,462	0	11,644,996	2,781,662	4,908,750	2,224,135	759,586	24,007,591
Chief Executive Officer	2019	1,650,000	0	8,887,088	2,246,253	4,335,000	3,366,720	1,125,537	21,610,598
Robert A. Michael	2021	1,129,881	0	4,258,823	1,061,733	2,630,000	2,525,840	61,389	11,667,666
Vice Chairman, Finance and	2020	1,065,385	0	5,406,515	1,291,477	2,110,000	3,571,858	49,394	13,494,629
Commercial Operations and CFO	2019	906,865	0	2,704,766	683,643	1,800,000	2,622,108	55,471	8,772,853
Laura J. Schumacher	2021	1,248,154	0	4,258,823	1,061,733	2,638,860	2,912,698	291,570	12,411,838
Vice Chairman, External Affairs	2020	1,211,808	0	5,822,401	1,390,831	2,550,000	5,716,702	434,534	17,126,276
and Chief Legal Officer	2019	1,176,538	0	3,400,155	859,429	2,400,000	6,579,440	727,225	15,142,787
Michael E. Severino	2021	1,411,031	0	4,258,823	1,061,733	2,700,000	1,437,307	181,026	11,049,920
Vice Chairman and President	2020	1,369,923	0	5,822,401	1,390,831	2,700,000	1,910,985	216,918	13,411,058
	2019	1,330,000	0	3,199,248	808,642	2,400,000	1,525,091	245,467	9,508,448
Jeffrey R. Stewart	2021	1,074,231	0	2,839,144	707,822	2,050,000	2,212,898	129,001	9,013,096
Executive Vice President, Chief Commercial Officer									

(1) In accordance with Securities and Exchange Commission (SEC) rules, the amounts in this column represent the aggregate grant date fair value of the awards determined in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 718. AbbVie generally determines the grant date fair value of stock awards by multiplying the number of shares granted by the average of the high and low market prices of one share of AbbVie common stock on the award grant date. The grant date fair value of performance shares with a TSR market condition are determined using the Monte Carlo simulation model.

(2) In accordance with SEC rules, the amounts in this column represent the aggregate grant date fair value of the awards determined in accordance with FASB ASC Topic 718. These amounts were determined as of the option grant date using a Black-Scholes stock option valuation model. These amounts are being reported solely for the purpose of comparative disclosure in accordance with the SEC rules. There is no certainty that the amount determined using a Black-Scholes stock option valuation model would be the value at which employee stock options would be traded for cash. The weighted-average assumptions used to estimate the grant date fair value of options granted in 2021, along with the weighted-average grant date fair value, are shown below:

Assumption	
Risk-free interest rate	0.77 %
Average life of options (years)	6.1
Volatility	30.17 %
Dividend yield	4.88 %
Fair value per stock option	$ 16.28

(3) The compensation reported in this column for 2021 was earned as a performance-based incentive award pursuant to the AbbVie Performance Incentive Plan. Additional information regarding the plan can be found in the Compensation Plan Elements section of this proxy statement.

(4) The plan amounts shown below are reported in this column, except as described in this paragraph. The amounts shown beside each NEO's name are for 2021, 2020, and 2019, respectively, as applicable. Negative amounts under the AbbVie Pension Plan and the AbbVie Supplemental Pension Plan are excluded from this column in accordance with SEC rules.

AbbVie Pension Plan

R. Gonzalez: $(9,939) / $8,696 / $(8,305); R. Michael: $30,894 / $214,038 / $246,392; L. Schumacher: $66,444 / $219,159 / $318,167; M. Severino: $34,910 / $58,277 / $57,916; and J. Stewart: $37,175.

AbbVie Supplemental Pension Plan

R. Gonzalez: $(1,096,337) / $1,298,329 / $2,485,115; R. Michael: $2,494,946 / $3,357,820 / $2,375,716; L. Schumacher: $1,773,374 / $4,235,519 / $5,040,017; M. Severino: $966,311 / $1,416,157 / $1,127,049; and J. Stewart: $1,899,249.

The changes in pension value result primarily from the following factors: (i) the effect of changes in the actuarial assumptions AbbVie uses to calculate plan liability for financial reporting purposes; (ii) additional pension benefit accrual under the Pension Plan and the Supplemental Pension Plan; and (iii) the impact of the time value of money on the pension value.

Non-Qualified Defined Contribution Plan Earnings

The totals in this column include reportable interest credited under the AbbVie Performance Incentive Plan and the AbbVie Supplemental Savings Plan.

R. Gonzalez: $780,933 / $917,110 / $889,910; L. Schumacher: $1,072,880 / $1,262,024 / $1,221,256; M. Severino: $436,086 / $436,551 / $340,126; and J. Stewart: $276,474.

(5) The amounts shown in this column include the change in pension value during the applicable year, which is attributable to changes in actuarial assumptions (primarily discount rate and mortality tables) and other factors based on plan design (primarily pay, service and age).

The present value of a pension benefit is determined, in part, by the discount rate used for accounting purposes. The discount rate is determined by reference to the prevailing market rate of interest. In 2021, interest rates increased and the discount rates used for the Pension Plan and the Supplemental Pension Plan were increased to reflect that change. An increase in the discount rate decreases the present value of participants' pension benefits while actual payments to be made to participants are not changed. The discount rate used for 2021 was 3.25% for the Pension Plan and 3.21% for the Supplemental Pension Plan. The discount rate used for 2020 was 3.02% for the Pension Plan and 2.94% for the Supplemental Pension Plan, while the discount rate used for 2019 was 3.56% for the Pension Plan and 3.51% for the Supplemental Pension Plan. The mortality assumptions that apply for actuarial purposes also affect pension values.

In addition to the effect of the changes in actuarial assumptions, other factors built into the plans contributed to the change in pension value. The change in pension value numbers reflect the application of the benefit formulas under the Pension Plan and the Supplemental Pension Plan, which are described in the section of this proxy statement captioned "Pension Benefits." As participants' pay changes, the formulas yield revised pension values. Furthermore, as a participant ages and service credit accumulates year over year (before the participant is eligible for unreduced pension benefits), the present value of his or her pension benefits increases, even without changes in pay or actuarial assumptions.

(6) The amounts shown below are reported in this column for 2021, 2020 and 2019, respectively, as applicable.

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Earnings for Non-Qualified Defined Benefit and Non-Qualified Defined Contribution Plans

R. Gonzalez: $130,314 / $212,566 / $372,310; L. Schumacher: $182,495 / $341,999 / $621,724; M. Severino: $79,790 / $100,398 / $135,497; and J. Stewart: $46,571.

Each of the NEOs' awards under the AbbVie Performance Incentive Plan is paid in cash to the NEO on a current basis and, for eligible NEOs, may be deposited into a grantor trust established by the NEO, net of maximum tax withholdings. Each of the eligible NEOs has also established grantor trusts in connection with the AbbVie Supplemental Pension Plan and the AbbVie Supplemental Savings Plan. These amounts include earnings net of the reportable interest included in footnote (4).

Employer Contributions to Defined Contribution Plans

R. Gonzalez: $85,000 / $84,423 / $82,500; R. Michael: $14,500 / $14,250 / $14,000; L. Schumacher: $62,408 / $60,590 / $58,827; M. Severino: $70,552 / $68,496 / $66,500; and J. Stewart: $53,712.

These amounts include AbbVie contributions to the AbbVie Savings Plan and the AbbVie Supplemental Savings Plan, as applicable. The Supplemental Savings Plan permits eligible NEOs to contribute amounts in excess of the annual limit set by the Internal Revenue Code for employee contributions to 401(k) plans up to the excess of (i) 18 percent of their base salary over (ii) the amount contributed to AbbVie's tax-qualified 401(k) plan. AbbVie matches participant contributions at the rate of 250 percent of the first 2 percent of compensation contributed to the plan. The eligible NEOs have these amounts paid to them in cash on a current basis and deposited into a grantor trust established by the NEO, net of maximum tax withholdings.

Other 2021 Compensation

The totals shown in the table include the cost of providing a corporate automobile less the amount reimbursed by the NEO: R. Gonzalez: $24,178; R. Michael: $16,418; L. Schumacher: $21,552; M. Severino: $20,684; and J. Stewart: $18,718. AbbVie imputes income to the NEO, if required, and the NEO pays taxes in accordance with tax regulations without gross-ups.

The totals shown in the table include a $10,000 financial planning services allowance for each NEO. AbbVie imputes income to the NEO, if required, and the NEO pays taxes in accordance with tax regulations without gross-ups.

The totals shown in the table include the following costs for non-business-related air travel and services: R. Gonzalez: $564,581; R. Michael: $20,471; and L. Schumacher: $15,116. AbbVie determines the incremental cost for flights based on the direct cost to AbbVie, including fuel costs, parking, handling and landing fees, catering, travel fees, and other miscellaneous direct costs. AbbVie imputes income to the NEO, if required, and the NEO pays taxes in accordance with tax regulations without gross-ups.

The NEOs also are eligible to participate in an executive disability benefit, which is described on page 62 of this proxy statement.

REQUIRED PAY RATIO DISCLOSURE

As required by Section 953(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 402(u) of Regulation S-K, we are providing the following information about the relationship of the annual total compensation of our employees and the annual total compensation of our CEO, Richard Gonzalez. The pay ratio included in this information is a reasonable estimate calculated in a manner consistent with Regulation S-K Item 402(u). The ratio of Mr. Gonzalez's annual total compensation for 2021, as reported in the Summary Compensation Table in this proxy statement, to the median employee annual total compensation determined on the same basis was 160:1. For 2021, the annual total compensation of our median employee (other than Mr. Gonzalez) was $149,662. To identify the median employee, we prepared a list of active AbbVie employees, including legacy Allergan employees, throughout the world as of December 31, 2021. The consistently applied compensation measure used to identify the median employee was annual base pay and target bonus, using hours worked during 2021 for hourly employees and base salary for the remaining employees. This process resulted in a median group consisting of several employees and a representative employee was selected, taking into account demographic characteristics that best represent a typical AbbVie employee, including tenure, location, employment status and applicable compensation and benefit programs.

2021 Grants of Plan-Based Awards

The following table summarizes the equity awards granted under the AbbVie Amended and Restated 2013 Incentive Stock Program to the NEOs during 2021.

		Estimated Future Payouts Under Non-Equity Incentive Plan Awards[1]		Estimated Future Payouts Under Equity Incentive Plan Awards	All Other Option Awards: Numbers of Securities Underlying	Exercise or Base Price of Option	Closing Market Price on	Grant Date Fair Value of Stock and Option
Name	Grant Date	Target ($)	Maximum ($)	Target ($)	Options (#)	Awards (#)	Grant Date	Awards
R. Gonzalez	2/18/2021			58,534 [2]				$ 6,374,353 [4]
	2/18/2021			58,534 [3]				6,199,336 [4]
	2/18/2021				192,546 [5]	$ 105.92	$ 106.06	3,134,649 [6]
R. Michael	2/18/2021			19,826 [2]				2,159,051 [4]
	2/18/2021			19,826 [3]				2,099,772 [4]
	2/18/2021				65,217 [5]	105.92	106.06	1,061,733 [6]
L. Schumacher	2/18/2021			19,826 [2]				2,159,051 [4]
	2/18/2021			19,826 [3]				2,099,772 [4]
	2/18/2021				65,217 [5]	105.92	106.06	1,061,733 [6]
M. Severino	2/18/2021			19,826 [2]				2,159,051 [4]
	2/18/2021			19,826 [3]				2,099,772 [4]
	2/18/2021				65,217 [5]	105.92	106.06	1,061,733 [6]
J. Stewart	2/18/2021			13,217 [2]				1,439,331 [4]
	2/18/2021			13,217 [3]				1,399,812 [4]
	2/18/2021				43,478 [5]	105.92	106.06	707,822 [6]

(1) During 2021, each of the NEOs participated in the AbbVie Performance Incentive Plan. The annual cash incentive award earned by the NEO in 2021 under the plan is shown in the Summary Compensation Table in the column captioned "Non-Equity Incentive Plan Compensation." No future pay-outs will be made with respect to the 2021 awards under the plan. The plan is described in greater detail in the section of this proxy statement captioned "Compensation Discussion and Analysis—Compensation Plan Elements—Short-Term Incentives."

(2) This is a performance share award that has the potential to vest at 0% to 250% of target during a three-year performance period based on company performance in earnings per share (EPS) and relative total stockholder return (TSR). TSR performance is measured relative to a group made up of companies that are constituents in either the S&P Pharmaceutical, Biotech, and Life Science Index or the NYSE Arca Pharmaceutical Index. Dividends accrue during the performance period and are paid in cash at vesting only to

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the extent that shares are earned. In 2021, AbbVie's EPS performance resulted in the banking of the award on February 28, 2022 at 200% of target, with vesting to be determined based on the company's relative TSR performance following the three-year performance period that ends December 31, 2023. The performance metrics are described in the section of this proxy statement captioned "Compensation Discussion and Analysis—Compensation Plan Elements—Long-Term Incentives."

(3) This is a performance-vested restricted stock unit award that has the potential to vest at 0% to 200% of target, in one-third increments, during a three-year performance period based on AbbVie's return on invested capital (ROIC) articulated as pre-set goals and measured relative to a group made up of companies that are constituents in either the S&P Pharmaceutical, Biotech, and Life Science Index or the NYSE Arca Pharmaceutical Index. Dividends accrue during the performance period and are paid in cash at vesting only to the extent that shares are earned. In 2021, AbbVie's relative ROIC performance resulted in the vesting on February 28, 2022 of one-third of the award at 175% of target. The performance metrics are described in the section of this proxy statement captioned "Compensation Discussion and Analysis—Compensation Plan Elements—Long-Term Incentives."

(4) The grant date fair value of stock awards is generally determined by multiplying the number of shares or units granted by the average of the high and low market prices of one share of AbbVie common stock on the award grant date. The grant date fair value of performance shares with a TSR market condition is determined using the Monte Carlo simulation model. In the event of a grantee's death or disability, these awards will be deemed earned either based on actual performance through the date of death or disability or at target, depending on the timing of the death or disability, as set forth in the award agreement. Upon a change in control, the treatment of these awards is determined as described in the section of this proxy statement captioned "Potential Payments upon Termination or Change in Control—Equity Awards."

(5) One-third of the shares of common stock covered by these options are exercisable after one year, two-thirds after two years, and all after three years, subject to satisfaction of the service requirements set forth in the award agreements. The options vest in the event of the grantee's death or disability. Upon a change in control, the treatment of these awards is determined as described in the section of this proxy statement captioned "Potential Payments upon Termination or Change in Control—Equity Awards." Under the AbbVie Amended and Restated 2013 Incentive Stock Program, these options have an exercise price equal to the average of the high and low market prices (rounded up to the next even penny) of one share of AbbVie common stock on the date of grant. These options do not contain a replacement option feature.

(6) The grant date fair value of option awards is determined as of the option grant date using a Black-Scholes stock option valuation model. The assumptions used to determine the grant date fair value are described in footnote (2) to the Summary Compensation Table.

2021 Outstanding Equity Awards at Fiscal Year End

The following table summarizes the outstanding AbbVie equity awards held by the NEOs at year end.

	Option Awards(1)				Stock Awards			
Name	Number of Securities Underlying Unexercised Options -(#) Exercisable	Number of Securities Underlying Unexercised Options -(#) Unexercisable	Option Exercise Price -($)	Option Expiration Date	Number of Shares of Stock That Have Not Vested -(#)	Market Value of Shares of Stock That Have Not Vested -($)	Equity Incentive Plan Awards: Number of Unearned Shares or Other Rights That Have Not Vested -(#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares or Other Rights That Have Not Vested -($)
R. Gonzalez	87,050	-	$ 61.3600	2/15/2027			77,617 (2)	10,509,342
	127,610	-	114.3600	2/14/2028			99,821 (2)	13,515,763
	119,418	59,709 (2)	79.0200	2/20/2029			117,068 (2)	15,851,007
	76,378	152,754 (2)	93.5000	2/19/2030			-	-
	-	192,546 (2)	105.9200	2/17/2031			-	-
R. Michael	10,140	-	54.8600	2/17/2026			23,622 (2)	3,198,419
	11,420	-	61.3600	2/15/2027			46,345 (2)	6,275,113
	8,030	-	114.3600	2/14/2028			39,652 (2)	5,368,881
	36,345	18,172 (2)	79.0200	2/20/2029			-	-
	35,461	70,921 (2)	93.5000	2/19/2030			-	-
	-	65,217 (2)	105.9200	2/17/2031			-	-
L. Schumacher	100,100	-	61.3600	2/15/2027			29,696 (2)	4,020,838
	45,840	-	114.3600	2/14/2028			49,910 (2)	6,757,814
	45,690	22,845 (2)	79.0200	2/20/2029			39,652 (2)	5,368,881
	38,189	76,377 (2)	93.5000	2/19/2030			-	-
	-	65,217 (2)	105.9200	2/17/2031			-	-
M. Severino	74,309	-	54.4400	6/01/2024			27,941 (2)	3,783,211
	104,480	-	58.8800	2/18/2025			49,910 (2)	6,757,814
	91,990	-	54.8600	2/17/2026			39,652 (2)	5,368,881
	100,100	-	61.3600	2/15/2027			-	-
	46,320	-	114.3600	2/14/2028			-	-
	42,990	21,495 (2)	79.0200	2/20/2029			-	-
	38,189	76,377 (2)	93.5000	2/19/2030			-	-
	-	65,217 (2)	105.9200	2/17/2031			-	-
J. Stewart	27,690	-	58.8800	2/18/2025			11,136 (2)	1,507,814
	21,810	-	54.8600	2/17/2026			21,390 (2)	2,896,206
	26,110	-	61.3600	2/15/2027			26,434 (2)	3,579,164
	16,070	-	114.3600	2/14/2028			-	-
	17,133	8,567 (2)	79.0200	2/20/2029			-	-
	16,367	32,732 (2)	93.5000	2/19/2030			-	-
	-	43,478 (2)	105.9200	2/17/2031			-	-

(1) Except as noted, the stock options are fully vested.

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(2) The vesting dates of AbbVie unexercisable stock options and unvested performance share and restricted stock/unit awards outstanding at December 31, 2021 are as follows:

	Option Awards				Stock or Unit Awards			
Name	Number of Unexercised Shares Remaining from Original Grant	Number of Option Shares Vesting—Date Vested 2022	Number of Option Shares Vesting—Date Vested 2023	Number of Option Shares Vesting—Date Vested 2024	Number of Shares of Restricted Stock or Units	Number of Shares of Restricted Stock or Units Vesting—Date Vested 2022	Number of Shares of Restricted Stock or Units Vesting—Date Vested 2023	Number of Shares of Restricted Stock or Units Vesting—Date Vested 2024
R. Gonzalez	59,709	59,709 - 2/21			58,213	(a)		
	152,754	76,377 - 2/20	76,377 - 2/20		19,404	(b)		
	192,546	64,182 - 2/18	64,182 - 2/18	64,182 - 2/18	59,893	(c)		
					39,928	(d)		
					58,534	(e)		
					58,534	(f)		
R. Michael	18,172	18,172 - 2/21			17,717	(a)		
	70,921	35,461 - 2/20	35,460 - 2/20		5,905	(b)		
	65,217	21,739 - 2/18	21,739 - 2/18	21,739 - 2/18	27,807	(c)		
					18,538	(d)		
					19,826	(e)		
					19,826	(f)		
L. Schumacher	22,845	22,845 - 2/21			22,272	(a)		
	76,377	38,189 - 2/20	38,188 - 2/20		7,424	(b)		
	65,217	21,739 - 2/18	21,739 - 2/18	21,739 - 2/18	29,946	(c)		
					19,964	(d)		
					19,826	(e)		
					19,826	(f)		
M. Severino	21,495	21,495 - 2/21			20,956	(a)		
	76,377	38,189 - 2/20	38,188 - 2/20		6,985	(b)		
	65,217	21,739 - 2/18	21,739 - 2/18	21,739 - 2/18	29,946	(c)		
					19,964	(d)		
					19,826	(e)		
					19,826	(f)		
J. Stewart	8,567	8,567 - 2/21			8,352	(a)		
	32,732	16,366 - 2/20	16,366 - 2/20		2,784	(b)		
	43,478	14,493 - 2/18	14,493 - 2/18	14,492 - 2/18	12,834	(c)		
					8,556	(d)		
					13,217	(e)		
					13,217	(f)		

(a) These are performance shares that remained outstanding and unvested on December 31, 2021 from an award made on February 21, 2019. The award has the potential to vest at 0% to 250% of target during a 3-year performance period based on company performance in earnings per share (EPS) and relative total stockholder return (TSR). TSR performance is measured relative to a group made up of companies that are constituents in either the S&P Pharmaceutical, Biotech, and Life Science Index or the NYSE Arca Pharmaceutical Index. Dividends accrue during the performance period and are paid at vesting only to the extent that shares are earned. In 2019, AbbVie's EPS performance resulted in the banking of the award at 200% of target, with vesting to be determined based on the company's relative TSR performance during the 3-year performance period that ends December 31, 2021. In 2021, AbbVie's 3-year relative TSR performance resulted in a final vesting on February 28, 2022 of the award at 230% of target.

(b) These are performance-vested restricted stock units that remained outstanding and unvested on December 31, 2021, from an award made on February 21, 2019. The award has the potential to vest at 0% to 150% of target, in one-third increments, during a 3-year performance period based on AbbVie's return on equity (ROE) articulated as pre-set goals and measured relative to a group made up of companies that are constituents in either the S&P Pharmaceutical, Biotech, and Life Science Index or the NYSE Arca Pharmaceutical Index. Dividends accrue during the performance period and are paid at vesting only to the extent that shares are earned. In 2021, AbbVie's relative ROE performance resulted in the vesting on February 28, 2022 of one-third of the award at 150% of target.

(c) These are performance shares that remained outstanding and unvested on December 31, 2021 from an award made on February 20, 2020. The award has the potential to vest at 0% to 250% of target during a 3-year performance period based on company performance in earnings per share (EPS) and relative total stockholder return (TSR). TSR performance is measured relative to a group made up of companies that are constituents in either the S&P Pharmaceutical, Biotech, and Life Science Index or the NYSE Arca Pharmaceutical Index. Dividends accrue during the performance period and are paid at vesting only to the extent that shares are earned. In 2020, AbbVie's EPS performance resulted in the banking of the award at 200% of target, with vesting to be determined based on the company's relative TSR performance during the 3-year performance period that ends December 31, 2022.

(d) These are performance-vested restricted stock units that remained outstanding and unvested on December 31, 2021, from an award made on February 20, 2020. The award has the potential to vest at 0% to 200% of target, in one-third increments, during a 3-year performance period based on AbbVie's return on invested capital (ROIC) articulated as pre-set goals and measured relative to a group made up of companies that are constituents in either the S&P Pharmaceutical, Biotech, and Life Science Index or the NYSE Arca Pharmaceutical Index. Dividends accrue during the performance period and are paid at vesting only to the extent that shares are earned. In 2021, AbbVie's relative ROIC performance resulted in the vesting on February 28, 2022 of one-third of the award at 175% of target.

(e) These are performance shares that remained outstanding and unvested on December 31, 2021 from an award made on February 18, 2021. The award has the potential to vest at 0% to 250% of target during a 3-year performance period based on company performance in earnings per share (EPS) and relative total stockholder return (TSR). TSR performance is measured relative to a group made up of companies that are constituents in either the S&P Pharmaceutical, Biotech, and Life Science Index or the NYSE Arca Pharmaceutical Index. Dividends accrue during the performance period and are paid at vesting only to the extent that shares are earned. In 2021, AbbVie's EPS performance resulted in the banking of the award at 200% of target, with vesting to be determined based on the company's relative TSR performance during the 3-year performance period that ends December 31, 2023.

(f) These are performance-vested restricted stock units that remained outstanding and unvested on December 31, 2021, from an award made on February 18, 2021. The award has the potential to vest at 0% to 200% of target, in one-third increments, during a 3-year performance period based on AbbVie's return on invested capital (ROIC) articulated as pre-set goals and measured relative to a group made up of companies that are constituents in either the S&P Pharmaceutical, Biotech, and Life Science Index or the NYSE Arca Pharmaceutical Index. Dividends accrue during the performance period and are paid at vesting only to the extent that shares are earned. In 2021, AbbVie's relative ROIC performance resulted in the vesting on February 28, 2022 of one-third of the award at 175% of target.

2021 Option Exercises and Stock Vested

The following table summarizes for each NEO the number of shares acquired on the exercise of AbbVie stock options and the number of shares acquired on the vesting of AbbVie stock awards in 2021:

	Option Awards		Stock Awards	
Name	Number of Shares Acquired On Exercise (#)	Value Realized On Exercise ($)	Number of Shares Acquired On Vesting (#)	Value Realized On Vesting ($)
R. Gonzalez	344,213	$ 19,914,668	167,906	$ 18,090,192
R. Michael	0	0	31,613	3,405,985
L. Schumacher	181,670	13,279,318	65,915	7,101,682
M. Severino	0	0	65,631	7,071,084
J. Stewart	0	0	28,595	3,144,250

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PENSION BENEFITS

During 2021, the NEOs participated in two AbbVie-sponsored defined benefit pension plans: the AbbVie Pension Plan, a tax-qualified pension plan; and the AbbVie Supplemental Pension Plan, a non-qualified supplemental pension plan. Except as provided in AbbVie's change in control agreements, AbbVie does not have a policy granting extra years of credited service under the plans. The change in control agreements are described in the section of this proxy statement captioned "Potential Payments upon Termination or Change in Control."

The compensation considered in determining the pensions payable to the NEOs is the compensation shown in the "Salary" and "Non-Equity Incentive Plan Compensation" columns of the Summary Compensation Table.

PENSION PLAN

The Pension Plan is a broad-based plan that covers most AbbVie employees in the United States, age 21 or older, and provides participants with a life annuity benefit at normal retirement equal to A plus the greater of B or C below.

A. 1.10% of 5-year final average earnings multiplied by years of benefit service after 2003.

B. 1.65% of 5-year final average earnings multiplied by years of benefit service prior to 2004 (up to 20); plus 1.50% of 5-year final average earnings multiplied by years of benefit service prior to 2004 in excess of 20 (but no more than 15 additional years); less 0.50% of the lesser of 3-year final average earnings (but not more than the social security wage base in any year) or the social security covered compensation level multiplied by years of benefit service.

C. 1.10% of 5-year final average earnings multiplied by years of benefit service prior to 2004.

The benefit for service prior to 2004 (B or C above) is reduced for the cost of preretirement surviving spouse benefit protection. The reduction is calculated using formulas based on age and employment status during the period in which coverage was in effect.

Final average earnings are the average of the employee's 60 highest-paid consecutive calendar months of compensation (salary and non-equity incentive plan compensation). The Pension Plan covers earnings up to the limit imposed by Internal Revenue Code Section 401(a)(17) and provides for a maximum of 35 years of benefit service.

Participants become fully vested in their pension benefit upon the completion of five years of service. The benefit is payable on an unreduced basis at age 65. Employees hired after 2003 who terminate employment prior to age 55 with at least 10 years of service may choose to commence their benefits on an actuarially reduced basis as early as age 55. Employees hired before 2004 who terminate employment prior to age 50 with at least 10 years of service may choose to commence their benefits on an actuarially reduced basis as early as age 50. Employees hired before 2004 who terminate employment prior to age 50 with fewer than 10 years of service may choose to commence their benefits on an actuarially reduced basis as early as age 55.

The Pension Plan offers several optional forms of payment, including certain and life annuities, joint and survivor annuities, and level income annuities. The benefit paid under any of these options is actuarially equivalent to the life annuity benefit produced by the formula described above.

Employees who retire from AbbVie prior to their normal retirement age may receive subsidized early retirement benefits. Employees hired after 2003 are eligible for early retirement at age 55 with 10 years of service. Employees hired before 2004 are eligible for early retirement at age 50 with 10 years of service or age 55 if the employee's age plus years of benefit service total 70 or more. Mr. Gonzalez, Mr. Michael, Ms. Schumacher and Mr. Stewart are eligible for early retirement benefits under the plan.

The subsidized early retirement reductions applied to the benefit payable for service after 2003 (A above) depend upon the participant's age at retirement. If the participant retires after reaching age 55, the benefit is reduced 5 percent per year for each year that payments are made before age 62. If the participant retires after reaching age 50 but prior to reaching age 55, the benefit is actuarially reduced from age 65.

The early retirement reductions applied to the benefit payable for service prior to 2004 (B and C above) depend upon age and service at retirement:

- In general, the 5-year final average earnings portions of the benefit are reduced 3 percent per year for each year that payments are made before age 62 and the 3-year final average earnings portion of the benefit is reduced 5 percent per year for each year that payments are made before age 62.
- Employees who participated in the plan before age 36 may elect "Special Retirement" on the last day of any month after reaching age 55 with age plus Seniority Service points of at least 94 or "Early Special Retirement" on the last day of any month after reaching age 55, provided their age plus Seniority Service points would reach at least 94 before age 65. Seniority Service includes periods of employment prior to attaining the minimum age required to participate in the plan. If Special Retirement or Early Special Retirement applies, Seniority Service is used in place of benefit service in the formulas. The 5-year final average earnings portions of the benefit in B above are reduced $1^2/_3$ percent for each year between ages 59 and 62 plus $2^1/_2$ percent for each year between ages 55 and 59. The 3-year final average earnings portion of the benefit is reduced 5 percent per year for each year that payments are made before age 62. Benefit C is payable on an unreduced basis at Special Retirement and is reduced 3 percent per year for each year that payments are made before age 62, if Early Special Retirement applies.

SUPPLEMENTAL PENSION PLAN

The provisions of the Supplemental Pension Plan (which covers AbbVie employees in the United States whose compensation exceeds certain limits under the Internal Revenue Code) are substantially the same as those of the Pension Plan, with the following exceptions:

- Participants' 5-year final average earnings are calculated using the average of the 5 highest years of base earnings and the 5 highest years of payments under AbbVie's non-equity incentive plans.
- The Pension Plan does not include amounts deferred or payments received under the AbbVie Deferred Compensation Plan in its calculation of a participant's final average earnings. To preserve the pension benefits of Deferred Compensation Plan participants, the Supplemental Pension Plan includes amounts deferred by a participant under the Deferred Compensation Plan in its calculation of final average earnings.
- In addition to the benefits outlined above for the Pension Plan, the NEOs are eligible for an additional Supplemental Pension Plan benefit equal to 0.6% of 5-year final average earnings for each year of service for each of the first 20 years of service occurring after the participant attains age 35. The benefit is further limited by the maximum percentage allowed under the Pension Plan under that plan's benefit formulas (A, B and C above). The portion of this additional benefit attributable to service before 2004 is reduced 3 percent per year for each year that payments are made before age 60. The portion attributable to service after 2003 is reduced 5 percent per year for each year that payments are made before age 60 if the participant is at least age 55 at early retirement. If the participant is under age 55 at retirement, the portion attributable to service after 2003 is actuarially reduced from age 65.
- The Supplemental Pension Plan provides early retirement benefits similar to those provided under the Pension Plan. The benefits provided to NEOs under the Supplemental Pension Plan are not, however, reduced for the period between age 60 and age 62, unless the benefit is being actuarially reduced from age 65. Mr. Gonzalez, Mr. Michael, Ms. Schumacher and Mr. Stewart are eligible for early retirement benefits under the plan.
- Vested benefits accrued under the Supplemental Pension Plan may be funded through a grantor trust established by an eligible NEO. Consistent with the distribution requirements of Internal Revenue Code Section 409A and its regulations, an eligible NEO who became an officer prior to 2009 may have the entire amount of his or her vested plan benefits funded through a grantor trust. An eligible NEO who became an officer after 2008 may have only the vested benefits that accrue following the calendar year in which he or she is first elected as an officer funded through a grantor trust.

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Benefits payable under the Supplemental Pension Plan are offset by the benefits payable from the Pension Plan, calculated as if benefits under the plans commenced at the same time. The amounts paid to an eligible NEO's Supplemental Pension Plan grantor trust to fund plan benefits are actuarially determined. The plan is designed to result in AbbVie paying the eligible NEO's Supplemental Pension Plan benefits to the extent assets held in his or her trust are insufficient.

PENSION BENEFITS TABLE

Name	Plan Name	Number of Years Credited Service (#)	Present Value of Accumulated Benefit ($)(1)	Payments During Last Fiscal Year ($)
R. Gonzalez	AbbVie Pension Plan	35	$ 271,433	$ 0
	AbbVie Supplemental Pension Plan	35	19,736,973	1,180,132 (2)
R. Michael	AbbVie Pension Plan	29	984,478	0
	AbbVie Supplemental Pension Plan	29	9,906,798	0
L. Schumacher	AbbVie Pension Plan	31	1,561,075	0
	AbbVie Supplemental Pension Plan	31	24,004,662	1,846,589 (2)
M. Severino	AbbVie Pension Plan	8	257,475	0
	AbbVie Supplemental Pension Plan	8	4,929,345	392,205 (2)
J. Stewart	AbbVie Pension Plan	30	1,065,502	0
	AbbVie Supplemental Pension Plan	30	8,459,023	844,308 (2)

(1) AbbVie calculated these present values using: (i) a discount rate of 3.25% for the Pension Plan and a discount rate of 3.21% for the Supplemental Pension Plan, the same discount rates it uses for Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 715 calculations for financial reporting purposes; and (ii) each plan's unreduced retirement age, which is age 62 under the AbbVie Pension Plan and age 60 under the AbbVie Supplemental Pension Plan for those participants who are eligible for early retirement benefits and age 65 under both plans for other participants. The present values shown in the table reflect postretirement mortality, based on the FASB ASC Topic 715 assumption (the Pri-2012 Healthy Annuitant table with white collar adjustment projected fully generationally with MP2021 mortality improvement scale), but do not include a factor for preretirement termination, mortality, or disability.

(2) During 2021, the amounts shown, less applicable tax withholdings, were distributed and deposited into the individual grantor trusts established by the eligible NEOs and included in the NEOs' income, as applicable. Consistent with the distribution requirements of Internal Revenue Code Section 409A and its regulations, vested Supplemental Pension Plan benefits, to the extent not previously funded, are distributed to the eligible participants' individual grantor trusts and included in their income. Amounts held in an eligible NEO's individual trust are expected to offset AbbVie's obligations to him or her under the plan. Grantor trusts are described in greater detail in the section of this proxy statement captioned "Compensation Plan Elements—Benefits—Retirement Benefits."

Non-Qualified Deferred Compensation

The following table summarizes Mr. Stewart's non-qualified deferred compensation under the AbbVie Deferred Compensation Plan. No additional contributions have been made to his account under the plan since such time as Mr. Stewart became an officer and ceased to be eligible to contribute to the plan. None of the other NEOs has any non-qualified deferred compensation under the plan.

Name	Plan Name(1)(2)	Executive contributions in last FY ($)	Registrant contributions in last FY ($)	Aggregate earnings in last FY ($)(3)	Aggregate withdrawals/ distributions ($)(4)	Aggregate balance at last FYE ($)
J. Stewart	Deferred Compensation Plan	0	0	1,619	0	157,947

(1) Mr. Stewart's contributions to the Deferred Compensation Plan ceased in 2009.

(2) The plan permits participants to defer up to 75% of their base salary and up to 75% of their annual cash incentives and credits a participant's account with an amount equal to the employer matching contributions that otherwise would have been made for the participant under AbbVie's tax-qualified defined contribution plan. Participants may direct the investment of their deferral accounts into one or more of several funds chosen by the administrator, and the deferral account is credited with investment returns based on the performance of the fund(s) selected. During 2021, the weighted average rate of return credited to the account was 1.0% for Mr. Stewart.

The plan provides for cash distributions in either a lump sum or installments after separation from service and permits in-service withdrawals in accordance with specific procedures. Participants make distribution elections each year that apply to the deferrals to be made in the following calendar year, in accordance with the requirements of Internal Revenue Code Section 409A. Participants may request withdrawals due to financial hardship; if a hardship withdrawal is approved, it is limited to the amount needed to address the hardship.

(3) The amounts reported in this column are not included in the Summary Compensation Table of this proxy statement.

(4) The amounts reported in this column have not been previously reported as compensation in AbbVie's Summary Compensation Tables because they relate to contributions made before the applicable individual became an NEO.

Potential Payments upon Termination or Change in Control

POTENTIAL PAYMENTS UPON TERMINATION – GENERALLY

In accordance with AbbVie's longstanding practice, the company has not entered into employment agreements with its NEOs. NEOs do not have any rights or entitlements to any cash termination or severance payments or equity vesting acceleration outside of the change in control context and subsequent termination of an NEO (double trigger), as discussed in more detail below.

The following summarizes the payments that the NEOs would have received if their employment had terminated on December 31, 2021. Earnings would have continued to be paid for the NEO's Performance Incentive Plan and Supplemental Savings Plan grantor trusts, as applicable, until the trust assets were fully distributed. The amount of these payments would depend on the trust earnings and fees and the period over which the trust assets were distributed. Based on current earnings rates, if the trust assets were distributed over a 10-year period, the NEOs would receive the following average annual earnings payments over such 10-year period: Mr. Gonzalez, $899,304; Ms. Schumacher, $1,239,727; Dr. Severino, $560,903; and Mr. Stewart, $367,264. In addition, the following one-time deposits would have been made under the AbbVie Supplemental Pension Plan for each of the following NEOs, respectively: Mr. Gonzalez, $0; Mr. Michael, $1,914,740; Ms. Schumacher, $1,510,729; Dr. Severino, $434,822; and Mr. Stewart, $1,539,761. As of December 31, 2021, Mr. Gonzalez, Mr. Michael, Ms. Schumacher and Mr. Stewart were eligible to retire, and therefore were eligible to receive the pension benefits previously described.

If the termination of employment had been due to disability, then the respective NEO also would have received, in addition to AbbVie's standard disability benefits, a monthly long-term disability benefit in the following amount: Mr. Gonzalez, $245,438; Mr. Michael, $131,500; Ms. Schumacher, $131,943; Dr. Severino, $135,000; and Mr. Stewart, $102,500. This long-term disability benefit would continue for up to 24 months following termination of employment. It ends if the NEO retires, recovers, dies or ceases to meet eligibility criteria.

If the NEO's employment had terminated due to death or disability, his or her unvested stock options, restricted stock or unit awards and performance shares would have vested on December 31, 2021 with values as set forth below in the subsection of this proxy statement captioned "Equity Awards."

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POTENTIAL PAYMENTS UPON CHANGE IN CONTROL

AbbVie has entered into change in control agreements with its NEOs. Each change in control agreement continues in effect until December 31, 2022, and can be renewed for successive two-year terms upon notice prior to the expiration date. If notice of non-renewal is given, the agreement will expire on the later of the scheduled expiration date and the one-year anniversary of the date of such notice. If no notice is given, the agreement will expire on the one-year anniversary of the scheduled expiration date. Each agreement also automatically extends for two years following any change in control (see below) that occurs while the agreement is in effect. As discussed in more detail below, AbbVie's internal policies and individual change in control agreements with its NEOs do not and will not provide for a cash lump sum payment in excess of three times an NEO's annual salary and bonus.

The agreements provide that if the employee is terminated other than for cause or permanent disability or if the employee elects to terminate employment for good reason (see below) within two years following a change in control, he or she is entitled to receive a lump sum payment equal to three times his or her annual salary and annual incentive ("bonus") award (assuming for this purpose that all target performance goals have been achieved or, if higher, based on the average bonus for the last three years), plus any unpaid bonus owing for any completed performance period and the pro rata bonus for any current bonus period (based on the highest of the bonus assuming achievement of target performance, the average bonus for the past three years or, in the case of the unpaid bonus for any completed performance period, the actual bonus earned). If the employee is terminated other than for cause or permanent disability or if the employee elects to terminate employment for good reason during a potential change in control (see below), he or she is entitled to receive a lump sum payment of the annual salary and bonus payments described above, except that the amount of the bonus to which the employee is entitled will be based on the actual achievement of the applicable performance goals. If the potential change in control becomes a "change in control event" (within the meaning of Internal Revenue Code Section 409A), the employee will be entitled to receive the difference between the bonus amounts the officer received upon termination during the potential change in control and the bonus amounts that would have been received had such amounts instead been based on the higher of the employee's target bonus or the average bonus paid to the employee in the preceding three years.

Bonus payments include payments made under the Performance Incentive Plan. The employee also will receive up to two years of additional employee benefits (including welfare benefits, outplacement services and tax and financial counseling) and the value of three more years of pension accruals. If change in control-related payments and benefits become subject to the excise tax imposed under Internal Revenue Code Section 4999, payments under the agreement will be reduced to prevent application of the excise tax if such a reduction would leave the employee in a better after-tax position than if the payments were not reduced and the tax applied. The agreements also limit the conduct for which awards under AbbVie's incentive stock programs can be terminated and generally permit options to remain exercisable for the remainder of their term.

For purposes of the agreements, the term "change in control" includes the following events: any person becoming the beneficial owner of AbbVie securities representing 20 percent or more of the outstanding voting power (not including an acquisition directly from AbbVie and its affiliates); a change in the majority of the members of the board of directors whose appointment was approved by a vote of at least two-thirds of the incumbent directors; and the consummation of certain mergers or similar corporate transactions involving AbbVie. A "potential change in control" under the agreements includes, among other things, AbbVie's entry into an agreement that would result in a change in control. Finally, the term "good reason" includes: a significant adverse change in the employee's position, duties, or authority; the company's failure to pay the employee's compensation or a reduction in the employee's base pay or benefits; or the relocation of the company's principal executive offices to a location that is more than 35 miles from the location of the offices at the time of the change in control.

If a change in control had occurred on December 31, 2021, immediately followed by one of the covered circumstances described above, Mr. Gonzalez, Mr. Michael, Ms. Schumacher, Dr. Severino, and Mr. Stewart would have been entitled to receive the following payments and benefits under the change in control agreements:

- Mr. Gonzalez: cash termination payments—$18,241,875; additional Supplemental Pension Plan benefits—$1,478,833; welfare and fringe benefits—$83,346.

- Mr. Michael: cash termination payments—$8,775,000; additional Supplemental Pension Plan benefits—$5,058,394; welfare and fringe benefits—$86,643.
- Ms. Schumacher: cash termination payments—$10,674,379; additional Supplemental Pension Plan benefits—$2,849,857; welfare and fringe benefits—$69,720.
- Dr. Severino: cash termination payments—$11,179,940; additional Supplemental Pension Plan benefits—$5,578,246; welfare and fringe benefits—$86,948.
- Mr. Stewart: cash termination payments—$6,813,450; additional Supplemental Pension Plan benefits—$7,367,493; welfare and fringe benefits—$85,802.

EQUITY AWARDS

The AbbVie Amended and Restated 2013 Incentive Stock Program was approved by AbbVie's stockholders and covers approximately 9,000 participants, including a broad group of management and professional staff.

The AbbVie Amended and Restated 2013 Incentive Stock Program provides that any unvested equity awards granted in or after January 2013 may be assumed, converted or replaced on an equivalent basis by the surviving company upon a change in control. If the surviving company does not do so, the vesting of the awards is accelerated. If the surviving company does assume, convert or replace the awards on an equivalent basis, then accelerated vesting of the awards is limited to circumstances in which, during the period from six months before through two years after a change in control, the grantee's employment is terminated without cause or the grantee resigns for good reason. The terms "cause" and "good reason" have the same definitions as in the change in control agreements.

If a change in control had occurred on December 31, 2021 and the surviving company did not assume, convert or replace any of the awards granted in or after January 2013, or the NEO's employment had terminated without cause or he or she had resigned for good reason, as described above, then the unvested equity awards of the NEOs would have vested as follows:

- Mr. Gonzalez would have vested in (i) 405,009 unvested AbbVie stock options with a value of $15,443,040, (ii) 157,175 AbbVie restricted stock units with a value of $21,281,495, and (iii) 418,251 AbbVie performance shares with a value of $56,631,131.
- Mr. Michael would have vested in (i) 154,310 unvested AbbVie stock options with a value of $5,918,725, (ii) 59,130 AbbVie restricted stock units with a value of $8,006,202, and (iii) 155,866 AbbVie performance shares with a value of $21,104,311.
- Ms. Schumacher would have vested in (i) 164,439 unvested AbbVie stock options with a value of $6,410,795, (ii) 63,369 AbbVie restricted stock units with a value of $8,580,196 and (iii) 171,690 AbbVie performance shares with a value of $23,246,880.
- Dr. Severino would have vested in (i) 163,089 unvested AbbVie stock options with a value of $6,334,682, (ii) 62,711 AbbVie restricted stock units with a value of $8,491,036, and (iii) 168,664 AbbVie performance shares with a value of $22,837,051.
- Mr. Stewart would have vested in (i) 84,777 unvested AbbVie stock options with a value of $3,136,209, (ii) 54,096 AbbVie restricted stock units with a value of $7,324,531, and (iii) 151,835 AbbVie performance shares with a value of $20,558,391.

The value of stock options shown is based on the excess of the closing price of one share of common stock on December 31, 2021 over the exercise price of such options, multiplied by the number of unvested stock options held by the NEO. The value of restricted stock units and performance shares shown is determined by multiplying the number of units or shares that would vest as of December 31, 2021 in accordance with the applicable equity award agreement terms and the closing price of one share of common stock on December 31, 2021.

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RATIFICATION OF ERNST & YOUNG LLP AS ABBVIE'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

What am I voting on and how should I vote?

You are being asked to ratify the appointment of Ernst & Young LLP to perform independent audit services for the fiscal year ending December 31, 2022. Ernst & Young LLP has served as our independent auditor since 2013. The board and the audit committee believe it is in the best interests of the company and its stockholders to retain Ernst & Young LLP as the company's independent auditor.

The board of directors therefore recommends you vote "FOR" ratification of the appointment of Ernst & Young LLP as AbbVie's independent registered public accounting firm for 2022.

The audit committee of the board of directors is directly responsible for the appointment, fees, retention and oversight of the independent registered public accounting firm retained to audit the company's financial statements. On October 12, 2021, the audit committee appointed Ernst & Young LLP (the independent auditor) to perform independent audit services for the fiscal year ending December 31, 2022. Ernst & Young LLP has served as our independent auditor since 2013. In conjunction with the periodic mandated rotation of the audit firm's lead engagement partner, the chair of the audit committee would be involved in the selection of a new lead engagement partner. Further, the audit committee will periodically consider whether there should be a regular rotation of the independent auditor.

Although the audit committee has sole authority to appoint the independent auditor, it would like to know the opinion of the stockholders regarding its appointment of Ernst & Young LLP for 2022. For this reason, stockholders are being asked to ratify this appointment. If the stockholders do not ratify the appointment of Ernst & Young LLP for 2022, the audit committee will take that fact into consideration, but may, nevertheless, continue to retain Ernst & Young LLP. The audit committee and the board believe that the continued retention of Ernst & Young LLP to serve as the company's independent auditor is in the best interests of the company and its stockholders.

Representatives of Ernst & Young LLP are expected to attend the Annual Meeting and will be given the opportunity to make a statement if they desire to do so. They will also be available to respond to appropriate questions.

AUDIT INFORMATION

Audit Fees and Non-Audit Fees

The following table presents fees for professional audit services rendered to AbbVie by Ernst & Young LLP for the years ended December 31, 2021 and December 31, 2020, and fees for other services rendered to AbbVie by Ernst & Young LLP for those periods.

	2021 (millions)	2020 (millions)
Audit fees:[1]	$ 21.7	$ 23.7
Audit related fees:[2]	0.5	0.4
Tax fees:[3]	3.6	7.6
Other fees:[4]	0.4	0.5
Total	$ 26.2	$ 32.1

(1) Ernst & Young LLP billed or will bill AbbVie for professional services rendered for the audit of AbbVie's annual financial statements, the review of AbbVie's financial statements included in AbbVie's quarterly reports, the audits of AbbVie's internal control over financial reporting, statutory and subsidiary audits required internationally, the review of documents filed with the Securities and Exchange Commission, comfort letters, consents and certain accounting consultations in connection with the audits.

(2) Audit related fees include audits of certain employee benefit plan financial statements, accounting consultations in connection with proposed or pending transactions, and other audit or agreed upon procedures required by statute or regulation not classified as audit fees.

(3) Tax fees consist principally of professional services for corporate tax compliance and tax advisory services.

(4) Other fees principally relate to financial advisory services for immaterial international affiliates and information technology assessment services.

Policy on Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of the Independent Registered Public Accounting Firm

The audit committee has established policies and procedures to pre-approve all audit and permissible non-audit services performed by the independent registered public accounting firm (the independent auditor) and its related affiliates.

Prior to engagement of the independent auditor for the next year's audit, management will submit a schedule of all proposed permissible services expected to be rendered during that year for each of four categories of services to the audit committee for approval.

Prior to engagement, the audit committee pre-approves these services by category of service. The fees are budgeted and the audit committee requires the independent auditor and management to report actual fees versus the budget periodically by category of service. During the year, circumstances may arise when it may become necessary to engage the independent auditor for additional services not contemplated in the original pre-approval. In those instances, the audit committee requires specific pre-approval before engaging the independent auditor.

The audit committee may delegate pre-approval authority to one or more of its members. The member to whom such authority is delegated must report any pre-approval decisions to the audit committee at its next scheduled meeting.

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Audit Committee Report

The audit committee is comprised of six non-employee members of the board of directors. Each audit committee member meets the independence requirements of the New York Stock Exchange and Rule 10A-3 of the Exchange Act. The committee operates under a written charter adopted by the board of directors. Consistent with the responsibilities set forth in its charter, the audit committee assists the board of directors in its oversight of AbbVie's accounting, auditing and financial reporting practices.

The audit committee has reviewed and discussed the audited financial statements contained in the 2021 Annual Report on Form 10-K with AbbVie's management and its independent registered public accounting firm (the independent auditor). Management is responsible for the preparation and integrity of AbbVie's consolidated financial statements. The independent auditor is responsible for performing an audit of the consolidated financial statements and expressing an opinion on the conformity of those financial statements with accounting principles generally accepted in the United States of America. The audit committee reviews these processes on behalf of the board of directors. Periodically, during the year, the audit committee reviewed and discussed with AbbVie's management, internal auditors, and independent auditor the effectiveness of AbbVie's internal control over financial reporting and the overall quality of AbbVie's financial reporting.

The audit committee has discussed with the independent auditor the matters required to be discussed by the applicable requirements of the Public Company Accounting Oversight Board (PCAOB). In addition, the audit committee has received the written disclosures and the letter from the independent auditor regarding its independence required by PCAOB Ethics and Independence Rule 3526, *Communications with Audit Committees Concerning Independence*, and has discussed with the independent auditor the firm's independence. The audit committee has also considered whether the provision of non-audit services is compatible with maintaining the independence of the independent auditor and concluded the independent auditor's independence has not been impaired.

Based on the review and discussions referred to above, the audit committee recommended to the board of directors that the audited financial statements be included in AbbVie's Annual Report on Form 10-K for the year ended December 31, 2021 filed with the Securities and Exchange Commission.

Audit Committee

T. Freyman, Chair, W. Burnside, M. Meyer, E. Rapp, G. Tilton, and F. Waddell

SAY ON PAY—ADVISORY VOTE ON THE APPROVAL OF EXECUTIVE COMPENSATION

What am I voting on and how should I vote?

You are being asked to approve the compensation of AbbVie's named executive officers described in the Executive Compensation section of this proxy statement. This vote is non-binding. The board will take the results into account when making future compensation decisions.

The compensation committee has thoroughly reviewed the company's compensation program and has determined that the pay decisions for the named executive officers are appropriate given the company's performance, the executives' contributions, and our stockholders' interests. The board of directors therefore recommends you vote "FOR" the approval of the named executive officers' compensation.

As required by Section 14A of the Exchange Act, stockholders are being asked to approve the compensation of AbbVie's named executive officers, as disclosed under Securities and Exchange Commission rules, including the Compensation Discussion and Analysis, the compensation tables and related material included in this proxy statement. The independent compensation committee of the board of directors, with the counsel of its independent compensation consultant, has thoroughly examined AbbVie's programs, the company's performance related to our industry and peer group, and market factors. The committee has determined that the specific pay decisions for the named executive officers are appropriate given the company's performance, the executives' contributions, and our stockholders' interests. We currently ask our stockholders to vote on executive compensation on an annual basis.

While this vote is advisory and non-binding, the board of directors and the compensation committee value the opinion of the stockholders and will review the voting results and take them into account when future compensation decisions are made.

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MANAGEMENT PROPOSAL TO ELIMINATE SUPERMAJORITY VOTING

What am I voting on and how should I vote?

You are being asked to amend and restate the Certificate of Incorporation to remove the supermajority voting requirement. Currently, certain amendments to the company's Certificate of Incorporation or By-Laws require the affirmative vote of at least 80 percent of the outstanding shares. The proposed amendment will allow for a regular majority to pass such amendments in the future.

The board of directors therefore recommends you vote "FOR" the management proposal to amend and restate the Certificate of Incorporation to eliminate supermajority voting.

Currently, AbbVie's Amended and Restated Certificate of Incorporation (the "Certificate of Incorporation") provides that certain amendments to the Certificate of Incorporation or AbbVie's Amended and Restated By-Laws (the "By-Laws") require the affirmative vote of shares representing no less than 80 percent of AbbVie's outstanding shares of stock entitled to vote generally in the election of directors. We refer to these provisions listed below as the "Supermajority Voting Requirement."

Specifically, Article VIII of the Certificate of Incorporation provides that any stockholder-approved alteration, amendment, or repeal of any of the By-Law provisions listed below, or the adoption of any stockholder-approved By-Law provision inconsistent with those By-Law provisions, must be approved pursuant to the Supermajority Voting Requirement. The By-Law provisions covered by the Supermajority Voting Requirement are in regards to:

- special meetings of stockholders and written consents by stockholders (Article II, Sections 2.2 and 2.12, respectively);
- board size and tenure, classes of directors, board vacancies, and director removal (Article III, Sections 3.2, 3.3, 3.10 and 3.11, respectively);
- indemnification of directors and officers (Article VII); and
- amendments to the By-Laws (Article X).

Article XI of the Certificate of Incorporation provides that any alteration, amendment, or repeal of any of the provisions of the Certificate of Incorporation listed below, or the adoption of any provision inconsistent with those provisions, must be approved pursuant to the Supermajority Voting Requirement. The provisions covered by the Supermajority Voting Requirement are in regards to:

- board size, classes of directors, board vacancies, and director removal (Article VI, Sections 1, 2, 3 and 4, respectively); and
- written consents by stockholders and special meetings of stockholders (Article VII, Sections 1 and 2, respectively).

After reviewing the advantages and disadvantages of the Supermajority Voting Requirement at this time, the board approved, and recommends that stockholders approve, the amendment and restatement of Articles VIII and XI of the Certificate of Incorporation to remove the Supermajority Voting Requirement contained therein. If approved, future stockholder-approved amendments to the By-Law and Certificate of Incorporation provisions listed above will not be subject to the Supermajority Voting Requirement and will instead require the affirmative vote of a majority of AbbVie's outstanding shares of stock entitled to vote generally in the election of directors.

MANAGEMENT PROPOSAL TO ELIMINATE SUPERMAJORITY VOTING

The proposed Certificate of Amendment to the Certificate of Incorporation is attached to this proxy statement as **Appendix A**, which the company would file promptly following the 2022 Annual Meeting if our stockholders approve the amendment. The affirmative vote of the holders of 80 percent of the outstanding shares of stock entitled to vote generally in the election of directors on the Record Date is required to approve this proposal pursuant to the Certificate of Incorporation. The board has approved certain conforming changes to the company's By-Laws, contingent on the effectiveness of the proposed amendment to the Certificate of Incorporation.

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STOCKHOLDER PROPOSALS

What am I voting on and how should I vote?

Four stockholder proposals will be voted upon at the Annual Meeting if properly presented by or on behalf of the proponent. The address and share ownership information of each of the proponents is available upon request. The proposed resolutions and the statements made in support thereof, as well as the board of directors' statements in opposition to these proposals, are presented on the following pages. The proposal may contain assertions about AbbVie or other statements that we believe are incorrect.

The board of directors recommends you vote "AGAINST" the proposals for the reasons set forth following the proposals.

Stockholder Proposal on Independent Chair

The Employees' Retirement System of Rhode Island and co-filer Vermont Pension Investment Commission have notified AbbVie that they intend to present the following proposal at the Annual Meeting and that they own the requisite number of AbbVie shares.

RESOLVED, AbbVie Inc. ("AbbVie" or "the Company") shareholders request the Board of Directors adopt as policy (the "Policy"), and amend the bylaws as necessary, to require henceforth that the Chair of the Board of Directors, whenever possible, be an independent member of the board. The Policy shall apply prospectively so as not to violate any contractual obligations. If the board determines that a Chair who was independent when selected is no longer independent, the board shall select a new Chair who satisfies the requirements of the policy within a reasonable amount of time. Compliance with this policy is waived if no independent director is available and willing to serve as Chair. This policy would be phased in for the next CEO transition.

Supporting Statement

In May 2021, the U.S. House of Representatives' Committee on Oversight and Reform published a 57-page report which states:

"[P]rice hikes contributed to billions of dollars in corporate profits and enriched company executives while harming American patients and taxpayers. AbbVie pursued a variety of tactics to increase drug sales while raising prices for Americans including exploiting the patent system to extend its market monopoly, abusing orphan drug protections to further block competition, and engaging in anticompetitive pricing practices".[1]

In September 2021, AbbVie investors who are alleging that the Company inflated its stock price with false or misleading statements, had their lawsuit certified as a class action by a federal judge in Illinois.[2] Those investors are alleging that AbbVie provided physicians "classic kickbacks like cash, meals, drinks, gifts, trips, and patient referrals to induce and reward Humira prescriptions".[3]

In September 2020, AbbVie settled a lawsuit with the State of California which similarly alleged that the Company provided valuable goods and services to doctors to induce them to prescribe Humira. In the settlement, AbbVie agreed to pay $24 million and reform its marketing practices.

The sustained public controversy and regulatory intervention which surround the Company, whether ultimately found to be justified or not, are strong arguments for the need for continuous, effective and unconflicted board oversight of corporate management.

The board is responsible for this oversight, but conflicts of interest may arise when one person holds both the Chair and CEO positions. In our view, shareholders are best served by an independent board Chair who can provide a balance of power between the CEO and the board. We believe that AbbVie's board should adopt best practice governance policies, including having an independent board chair.

STOCKHOLDER PROPOSALS

While the CEO's insights and communication can and should be shared with an independently led board, the difference, should the shareholder proposal be implemented, is that those insights will then be subjected to review and oversight by a board led by an independent chair, rather than by a board led by the same person whose insights are being considered.

To ensure that our board can provide rigorous oversight for AbbVie and management with greater independence and accountability, we urge a vote FOR this shareholder proposal.

[1] https://oversight.house.gov/sites/democrats.oversight.house.gov/files/Committee%20on%20Oversight%20and%20Reform%20-%20AbbVie%20Staff%20Report.pdf
[2] https://news.bloomberglaw.com/class-action/abbvie-investors-win-class-action-status-in-humira-kickback-case
[3] https://law.justia.com/cases/federal/district-courts/illinois/ilndce/1:2018cv06790/357309/104/

Board of Directors Statement in Opposition to the Stockholder Proposal on Independent Chair

The board of directors recommends that stockholders vote **AGAINST** this proposal.

Our board of directors believes that our stockholders are best served by preserving the flexibility to determine the appropriate leadership structure for the company in light of the circumstances at the time.

We believe the proposal would unnecessarily restrict the board's ability to exercise its fiduciary duty to determine the board leadership structure most appropriate for the company given the specific circumstances and leadership needs at any particular point in time. The company's robust governance framework ensures that board leadership is balanced with independent participation given the extensive involvement of the lead director and his oversight. Therefore, adopting a proposal that would limit the board's ability to exercise decision making on the appropriate leadership is not in stockholders' best interests.

AbbVie's existing leadership structure and corporate governance practices provide strong independent oversight.

Since its inception in 2013, AbbVie has had a robust lead independent director role. The lead independent director has significant authority and responsibilities and works directly with the Chairman and CEO, as well as the independent directors, to ensure meaningful oversight of the board. Among other duties, our lead independent director:

- reviews and guides agenda items for board meetings;
- leads the CEO succession planning process;
- facilitates communication with the board and presides over regularly conducted executive sessions of the independent directors or sessions where the chairman of the board is not present;
- reviews and approves matters, such as schedule sufficiency, and, where appropriate, information provided to other board members;
- serves as the liaison between the chairman of the board and the independent directors;
- has the authority to call meetings of the independent directors;
- leads the board's evaluation of the CEO;
- leads the annual board and committee evaluation process, including discussing evaluations with each director individually;
- encourages effective director participation by fostering an environment of open dialogue and constructive feedback among independent directors;
- involved in selection and interviewing of new board members;
- if requested by major stockholders, ensures that he or she is available for consultation and direct communication as needed;

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- if required, represents independent board members externally; and
- performs such other duties as the board may determine from time to time.

AbbVie has other robust corporate governance practices designed to protect long-term shareholder value. All directors, other than the CEO, are independent. All key committees and committee chairs are comprised completely of independent directors. Our independent directors meet regularly in executive session, which is presided over by the lead director. Our directors are also subject to majority voting as set forth in our By-Laws. Other corporate governance practices, which are highlighted in our Governance Guidelines (available at www.abbvieinvestor.com) and throughout this proxy statement, include a comprehensive board risk management oversight process; an annual investor engagement program, reaching nearly 40% of outstanding shares; annual say on pay votes; and proxy access.

The board periodically considers AbbVie's leadership structure and has determined that its needs are best met through the existing structure.

In light of the lead independent director authority and responsibilities and other corporate governance practices, the board has determined that its current leadership structure, in which the offices of Chairman and Chief Executive Officer are held by one individual, along with a strong and independent Lead Director, ensures the appropriate level of oversight, independence, and responsibility is applied to all board decisions and is in the best interests of AbbVie and its stockholders.

The board of directors recommends that you vote AGAINST the proposal.

Stockholder Proposal on Termination Pay

John Chevedden, on behalf of Kenneth Steiner, has notified AbbVie that he intends to present the following proposal at the Annual Meeting and that Mr. Steiner owns the requisite number of AbbVie shares.

Proposal 6 – Shareholder Ratification of Termination Pay

Shareholders request that the Board seek shareholder approval of any senior manager's new or renewed pay package that provides for severance or termination payments with an estimated value exceeding 2.99 times the sum of the executive's base salary plus target short-term bonus.

"Severance or termination payments" include cash, equity or other compensation that is paid out or vests due to a senior executive's termination for any reason. Payments include those provided under employment agreements, severance plans, and change-in-control clauses in long-term equity plans, but not life insurance, pension benefits, or deferred compensation earned and vested prior to termination.

"Estimated total value" includes: lump-sum payments; payments offsetting tax liabilities; perquisites or benefits not vested under a plan generally available to management employees; post-employment consulting fees or office expense; and equity awards if vesting is accelerated, or a performance condition waived, due to termination.

The Board shall retain the option to seek shareholder approval after material terms are agreed upon.

Generous performance-based pay can be good but shareholder ratification of "golden parachute" severance packages with a total cost exceeding 2.99 times base salary plus target bonus better aligns management pay with shareholder interests.

For instance at one company if the CEO is terminated without cause, whether or not his termination follows a change in control, he will receive an estimated $39 million in termination payments, nearly 7-times his 2019 base salary plus short-term bonus.

It is in the best interest of ABBV shareholders to be protected from such lavish $39 million management termination packages for one person.

This proposal topic won 58% support at the 2021 FedEx annual meeting.

Another incentive to adopt at least one good governance proposal at ABBV is that corporate governance and shareholder rights are a disaster at ABBV.

Mr. Richard Gonzalez, Chairman and CEO, received 73 million negative votes at our 2021 annual meeting and was still elected for a 3-year term. Mr. Gonzalez thus has no worries about his performance until 2024. Management pay was rejected by 122 million negative votes.

Shareholders cannot elect directors for one-year terms. There are undemocratic voting requirements of 80% for shareholders. The 80% voting requirements equal 117% vote requirements from the shares that cast ballots at our annual meeting. Shareholders have no right to call a special shareholder meeting. Shareholders cannot act by written consent.

Please vote yes:
Shareholder Ratification of Termination Pay – Proposal 6

Board of Directors Statement in Opposition to the Stockholder Proposal on Termination Pay

The board of directors recommends that stockholders vote **AGAINST** this proposal. Given AbbVie's responsible executive compensation programs, existing safeguards, and robust shareholder input mechanisms, the proposal is not only unnecessary, but would also harm AbbVie's and its shareholders' long-term interests.

In a competitive labor market, AbbVie needs to retain flexibility to attract and retain the talent critical to drive our long-term strategy, and the proposal would severely diminish AbbVie's competitiveness as an employer.

AbbVie's ability to attract human capital is critical to our long-term success as a company. Like other companies of our size and in our industry, AbbVie has a large number of senior managers who are eligible for some type of change in control protection, which provides stability and retention, particularly during turbulent times. In the unlikely circumstance that AbbVie experiences a change of control and the employee is terminated or experiences a constructive termination (double-trigger), his or her severance would be made up of two components: (1) payment of one, two, or three times base salary and bonus (depending on seniority) and (2) accelerated vesting of outstanding AbbVie equity awards.

If the proposal were adopted, it could mean that AbbVie would need to have a shareholder meeting every time the company seeks to hire a new senior manager, renew a senior manager's change of control agreement, or grant any senior manager his or her annual equity award. This would be unmanageable and would effectively halt AbbVie's hiring, promotion, and annual compensation process. Alternatively, eliminating change of control payments would severely hamper AbbVie's competitiveness as an employer as such protection is consistent with both peers and common market practice.

AbbVie's compensation committee, which is made up entirely of independent directors, is tasked with designing the compensation programs necessary to attract and retain top-tier talent. The proposal would limit the committee's discretion and take away its flexibility to tailor the company's executive compensation programs to

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meet the company's needs at any given time. AbbVie already gathers significant shareholder feedback on its compensation practices, through its annual Say on Pay vote and its extensive investor engagement outreach program, which entails outreach to nearly 40% of outstanding shares each year. Therefore, the proposal is both unnecessary and harmful to shareholders' long-term interests.

The concerns raised in the proposal are not applicable to AbbVie. AbbVie does not have employment agreements or severance agreements with any of its U.S. senior managers, and any severance or termination pay in connection with a change in control requires a double-trigger, consistent with best practices.

Because AbbVie does not have employment agreements or severance agreements with any of its U.S. senior managers, the only situation where a senior manager would be entitled to a severance or termination payment is in the unlikely event that AbbVie experiences a change of control (e.g., AbbVie is acquired by another company). If shareholders are already voting on the acquisition leading to a change in control, they would also automatically have the right to vote and therefore weigh in on any severance or termination payments. Examples of payments outside the change of control context, such as those cited by the proponent, are simply inapplicable to AbbVie.

In the unlikely event of a change of control, AbbVie's senior managers are entitled to a change of control payment only if two conditions are met: (1) AbbVie has undergone a change of control and (2) the senior manager loses his or her position. In other words, they are not automatically entitled to payment on any severance from a mere change of control (i.e., the provisions are "double-trigger"). AbbVie's compensation committee benchmarks peer company compensation practices on an ongoing basis to ensure AbbVie's programs remain consistent with market practice and effective at recruiting and retaining top talent. AbbVie's approach to senior manager severance in connection with a change of control, like the rest of its compensation programs, are aligned with market practice and appropriate for a company of AbbVie's size and industry. In particular, AbbVie's change in control agreements do not and will not provide for a cash lump sum payment in excess of three times an executive's annual salary and bonus.

Further, if adopted, the proposal may have the unintended consequence of disincentivizing transactions where equity awards are forfeited upon double-trigger termination, instead of acceleration. During a turbulent time, these benefits are designed to avoid distraction and allow all to focus on the best interests of AbbVie and its shareholders' long-term interests. Adopting the proposal would therefore harm shareholders' long-term interests.

The board of directors recommends that you vote AGAINST this proposal.

Stockholder Proposal on Report on Board Oversight of Competition Practices

Friends Fiduciary Corporation and co-filers Trinity Health, Missionary Oblates of Mary Immaculate, Mercy Investment Services, Inc., Sisters of Charity of St. Elizabeth, Bon Secours Mercy Health, Inc., Sisters of Charity Blessed Virgin Mary, and CommonSpirit Health, have notified AbbVie that they intend to present the following proposal at the Annual Meeting and that they own the requisite number of AbbVie shares.

RESOLVED that shareholders of AbbVie Inc. ("AbbVie") ask the board of directors to report to shareholders on how it oversees risks related to anticompetitive practices, including whether the full board or board committee has oversight responsibility, whether and how consideration of such risks is incorporated into board deliberations regarding strategy, and the board's role in AbbVie's public policy activities related to such risks. The report should be prepared at reasonable expense and should omit confidential or proprietary information, as well as information about existing litigation and claims of which AbbVie has notice.

SUPPORTING STATEMENT

The anticompetitive practices of companies within the pharmaceutical supply chain, including drug developers such as AbbVie, are receiving increasing scrutiny from the public, regulators, and enforcers. The criticism of AbbVie has focused on the company's establishment of "patent thickets" around its drugs to prevent generic competition, some of which have resulted in massive price hikes for everyday consumers.[i]

Regulators and enforcers are increasingly focused on curbing this type of behavior. In May, then-acting Chairwoman of the Federal Trade Commission (FTC) Rebecca Kelly Slaughter stated that "[f]or decades, the FTC has challenged a number of illegal anticompetitive practices in the pharmaceutical industry that can lead to high drug prices. The Commission should consider ways to build on this work by addressing emerging and evolving practices that have the potential to harm consumers."[ii] Furthermore, upon confirmation, newly appointed FTC Chair Lina Kahn directed FTC staff to ramp up investigations based on seven enforcement priorities, including healthcare and pharmaceutical companies[iii]

We are concerned over the growing risk associated with AbbVie's reliance on creating "patent thickets" and entering "pay-for-delay" settlements. AbbVie has been scrutinized for its practices surrounding Humira and Imbruvica, which were the subject of a 2021 drug pricing investigation and report published by the U.S. House Committee on Oversight and Reform.[iv] The report details that AbbVie has applied for over 250 patents on Humira, with 90% of these applications filed after Humira was already approved, "suggesting that they were intended to block competition."[v] The report also questions whether AbbVie transferred items of value to competitors in exchange for them staying off the market, a violation of U.S. antitrust law.[vi] These drugs represent nearly 55% of AbbVie's 2020 net revenue.[vii]

AbbVie is facing mounting pressure related to the company's anticompetitive practices. This pressure can increase the likelihood new regulation and increases risk for investors. Given this widespread concern and the rapidly changing environment, we believe that robust board oversight would improve AbbVie's management of risks related to anticompetitive practices and that shareholders would benefit from more information about the board's role.

We therefore urge shareholders to vote FOR this proposal.

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[i] *Overpatented, Overpriced: How Excessive Pharmaceutical Patenting is Extending Monopolies and Driving up Drug Prices*, I-MAK, 2019 (https://www.i-mak.org/wp-content/uploads/2019/01/i-mak.overpatented.overpriced.report.0801.pdf).
[ii] https://www.ftc.gov/public-statements/2021/05/statement-acting-chairwoman-rebecca-kelly-slaughter-regarding-federal
[iii] https://endpts.com/pharma-in-the-crosshairs-how-the-ftc-is-expanding-its-antitrust-powers-under-its-new-chair/
[iv] *Drug Pricing Investigation AbbVie-Humira and Imbruvica*, U.S. House of Representatives Staff Report, May 2021, https://oversight.house.gov/news/press-releases/chairwoman-maloney-releases-staff-report-and-new-documents-showing-abusive-drug.
[v] Id. at i.
[vi] Id. at v.
[vii] AbbVie 2020 Form 10-K, at 46-47 (https://investors.abbvie.com/static-files/47512e94-a9a4-4035-8dbc-6eb59116bb05).

Board of Directors Statement in Opposition to the Stockholder Proposal on Report on Board Oversight of Competition Practices

The board of directors recommends that stockholders vote **AGAINST** this proposal. Given AbbVie's commitment to acting ethically in all aspects of our business and the board's existing robust oversight responsibilities, the report requested in the proposal is unnecessary and redundant of existing oversight disclosures.

AbbVie prioritizes ethical behavior in all aspects of our business.

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Acting with Integrity is one of the five AbbVie Principles, which are foundational to who we are as a company. This includes acting in compliance with all applicable laws and regulations, as well as conduct consistent with our commitment to honesty, fairness, and integrity, in every aspect of our business. This commitment to acting ethically is reinforced in numerous ways throughout our company, including in the AbbVie Code of Business Conduct, which explicitly requires compliance with competition rules. Employees certify compliance with the Code on an annual basis and receive annual ethics and competition training.

AbbVie's ethical decision-making extends to our intellectual property, including our patent portfolio, which is the result of meaningful innovation and investment in our life-changing medicines. Each year, AbbVie's medicines treat over 50 million people across over 60 conditions, and since our inception as an independent company in 2013, we have invested over $50 billion in research and development. The patents granted related to these innovations undergo a rigorous review by the patent office and reflect novel innovation.

AbbVie similarly acts responsibly regarding all pricing and access decisions, ensuring that patients have access to quality and affordable medicines. We utilize a number of strategies to ensure access, including pricing and reimbursement models, patient assistance programs, intellectual property licensing, and product donation.

The board of directors already exercises robust oversight of AbbVie's compliance with legal and regulatory requirements.

As outlined in our public governance documents, the board and its committees exercise robust oversight of AbbVie's compliance with legal and regulatory requirements. For example, as stated elsewhere in this proxy statement, "[t]he board has risk oversight responsibility for AbbVie and administers this responsibility both directly and with assistance from its committees. . . . AbbVie's risk management program focuses on issues relevant to AbbVie's business, reputation, and strategy, including but not limited to pipeline advancement, healthcare industry dynamics such as pricing and patient access, manufacturing, regulatory and compliance matters, and others."

As outlined in the public policy committee charter, the committee exercises oversight of AbbVie's "compliance program with respect to legal and regulatory requirements (including, but not limited to, policies related to healthcare compliance, product quality, environmental regulations, employee health & safety and compliance with the U.S. Foreign Corrupt Practices Act of 1977, as amended)."

Examples of this board and committee oversight include, for example, reviewing AbbVie's intellectual property strategy, receiving updates on certain patent settlements, and reviewing access and pricing developments, including impact on our short- and long-term business. Given this existing oversight, as well as AbbVie's commitment to acting with integrity in all aspects of our business, the proposal would not add value and is unnecessary.

The board of directors recommends that you vote AGAINST this proposal.

Stockholder Proposal on Political Spending

As You Sow, on behalf of Eliana Fishman, has notified AbbVie that they intend to present the following proposal at the Annual Meeting and that Ms. Fishman owns the requisite number of AbbVie shares.

Whereas: The political expenditures of AbbVie Inc. appear to be misaligned with the company's publicly stated values and vision across a number of issue areas.

AbbVie states that it believes climate change impacts human health, and has committed to joining the Science Based Targets initiative, which supports limiting global temperature rise to no more than 1.5°C in line with the Paris Climate Agreement.[1] Yet AbbVie is a member of the U.S. Chamber of Commerce, which has consistently lobbied to roll back U.S. climate regulation and promoted regulations that would slow the transition towards a low carbon energy mix.

STOCKHOLDER PROPOSALS

AbbVie has stated "We are committed to equity, equality, diversity and inclusion ("EED&I"). It's fundamental to who we are and it's just how we 'do good business.'" AbbVie has also written "EED&I is good for our people and patients, and also for our business--strengthening performance, helping us innovate and understand our customers, and retaining the best talent."[2] However, AbbVie also supported multiple trade associations that have supported and promoted voter suppression laws.[3] Further, in the 2016 - 2020 election cycles, AbbVie and its employee PACs donated at least $1,068,050 to politicians and political organizations working to weaken women's access to reproductive health care.

AbbVie has stated that "[W]e believe patients need access to quality and affordable medicines. Improving health outcomes for patients around the world is one of AbbVie's corporate responsibility commitments and is integral to our core business strategy."[4] However, AbbVie contributes to ("PhRMA"), which supports numerous organizations opposing efforts to reform drug pricing.

To minimize possible missteps and risk to the firm's reputation and brand, AbbVie should establish clear policies and reporting on corporate electioneering and political spending that contrast with its stated healthcare, social and environmental objectives.

Resolved: Shareholders request that AbbVie annually analyze and report, at reasonable expense, the congruence of its political, lobbying, and electioneering expenditures during the preceding year against its publicly stated company values and policies, listing and explaining instances of incongruent expenditures, and stating whether the identified incongruencies have or will lead to a change in future expenditures or contributions.

Supporting Statement: Proponents recommend, at management discretion, that the report also contain an analysis of risks to our company's brand, reputation, or shareholder value of expenditures in conflict with publicly stated company values. "Expenditures for electioneering communications" means spending, from the corporate treasury and from its PACs, during the year, directly or through third parties, in printed, internet, or broadcast communications, which are reasonably susceptible to interpretation as being in support of or in opposition to a specific candidate.

[1] https://www.abbvie.com/content/dam/abbvie-dotcom/uploads/PDFs/societal-impact/abbvie-esg-action-report.pdf
[2] https://www.abbvie.com/our-company/equality-inclusion-diversity.html
[3] https://www.politicalaccountability.net/wp-content/uploads/2021/07/Corporate-Enablers.pdf
[4] https://www.abbvie.com/content/dam/abbvie-dotcom/uploads/PDFs/our-commitment-to-access-to-medicines-2.pdf

Board of Directors Statement in Opposition to the Stockholder Proposal on Political Spending

The board of directors recommends that stockholders vote **AGAINST** this proposal.

AbbVie advocates on topics that advance patient access to innovative new medicines and reward meaningful innovation. This engagement is governed by robust processes and oversight mechanisms.

As discussed in more detail on our website, AbbVie advocates on a range of issues, including advancing patient access to innovative new medicines. This advocacy is governed by robust processes and oversight mechanisms, including:

- The public policy committee exercises oversight of AbbVie's political expenditures and lobbying activities, which are further governed by the committee's policy on political contributions. The public policy committee and AbbVie's senior management review these activities and expenditures on a regular basis.
- The Vice Chairman, External Affairs and Chief Legal Officer and the Vice President, Government Affairs each review and approve all corporate political contributions to ensure these contributions are consistent with the company's guidelines and in accordance with applicable laws as required by the committee's policy on political contributions.

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- An internal Political Action Committee (PAC) Board of Directors comprised of at least twelve senior leaders representing a broad range of functions within AbbVie guides the AbbVie PAC.
- A rigorous internal vetting process is conducted to review each political contribution.
- The Vice President, Government Affairs exercises oversight of all external vendors that lobby on AbbVie's behalf.
- AbbVie's Code of Business Conduct sets forth AbbVie's robust expectations for ethical behavior by all employees in all aspects of our business, including political advocacy.

AbbVie understands that we may not always agree with every position a political contribution recipient takes on the multitude of issues in which the recipient engages, but we believe it is in the best interest of AbbVie and our patients to engage on critical policy topics, such as those that promote innovation, increase patient access to medicine, and reduce patient out of pocket costs.

AbbVie has long been recognized as a leader for robust disclosures related to political and lobbying activities, and we made significant additions to these disclosures in 2022.

Since our launch as a new public company in 2013, AbbVie has provided robust transparency related to our political and lobbying activities. As a result of our extensive disclosures, AbbVie has been consistently recognized as a leader in providing the highest level of political transparency and accountability. In 2021, AbbVie was again recognized as a "trendsetter" in this area by the CPA-Zicklin Index, the highest ranking a company can receive. This index, which is produced by the non-profit Center for Political Accountability in conjunction with the Zicklin Center for Business Ethics Research at The Wharton School at the University of Pennsylvania, benchmarks the political disclosure and accountability policies and practices of leading U.S. public companies. AbbVie was also ranked in the top tier of companies in 2020, 2019, 2018, 2017, 2016, 2015, and 2014.

Following our robust investor dialogue throughout 2021, we further strengthened our disclosures in 2022, which can be found at: https://www.abbvie.com/our-company/policies-disclosures.html. The changes include:

- Additional disclosures on the range of issues that AbbVie advocates on
- Significantly more detail on AbbVie's PAC, including its leadership structure
- A description of the rigorous process used to vet all AbbVie corporate and AbbVie PAC contributions
- Lowering the threshold for disclosure of our trade association memberships from $50,000 in annual dues to $25,000 in annual dues
- A description of how AbbVie may choose to convey concerns with any opposing positions taken by trade associations to which we belong
- Other details, such as the annual ethics and legal training that all AbbVie federal and state government affairs representatives receive

These updates in 2022 reflect AbbVie's established history of enhancing our disclosures on a range of topics incorporating shareholder and other stakeholder feedback. Given this demonstrated commitment to transparency, the report requested in the proposal is unnecessary and would not add value.

The board of directors recommends that you vote AGAINST this proposal.

ADDITIONAL INFORMATION

Corporate Governance Materials

AbbVie's corporate governance guidelines with the outline of directorship qualifications; director independence guidelines; code of business conduct; and audit committee, compensation committee, nominations and governance committee, and public policy committee charters are all available in the governance section of AbbVie's investor relations website at *www.abbvieinvestor.com*.

Procedures for Approval of Related Person Transactions

It is AbbVie's policy that the nominations and governance committee conduct a reasonable prior review and approve or disapprove of all transactions in which AbbVie participates and in which any related person has a direct or indirect material interest if such transaction involves or is expected to involve payments of $120,000 or more in the aggregate per fiscal year. Related person transactions requiring review by the nominations and governance committee pursuant to this policy are identified in:

- questionnaires annually distributed to AbbVie's directors and executive officers;
- certifications submitted annually by AbbVie executive officers related to their compliance with AbbVie's Code of Business Conduct; or
- communications made directly by the related person to the chief financial officer or general counsel.

In determining whether to approve or disapprove a related person transaction, the nominations and governance committee will consider the following items, among others:

- the related person's relationship to AbbVie and interest in the transaction;
- the material facts of the transaction, including the aggregate value of such transaction or, in the case of indebtedness, the amount of principal involved;
- the benefits to AbbVie of the transaction;
- if applicable, the availability of other sources of comparable products or services;
- an assessment of whether the transaction is on terms that are comparable to the terms available to an unrelated third party or to employees generally;
- whether a transaction has the potential to impair director independence; and
- whether the transaction constitutes a conflict of interest.

This process is included in the nominations and governance committee's written charter, which is available on the governance section of AbbVie's investor relations website at *www.abbvieinvestor.com*.

Delinquent Section 16(a) Reports

Section 16(a) of the Exchange Act requires AbbVie's directors and executive officers, and persons who own more than 10% of a registered class of AbbVie's equity securities, to file with the SEC initial reports of ownership and reports of changes in beneficial ownership of such equity securities of AbbVie. With the exceptions of one report filed one day late on January 5, 2022 on behalf of an executive officer reporting the withholding of shares in connection with a restricted stock award vesting and one report filed on behalf of a director on July 2, 2021 reporting the receipt of the cash equivalent of 1,748 AbbVie stock equivalent units in connection with his retirement from the Abbott Laboratories board of directors, each of which was not timely filed due to administrative error, to AbbVie's knowledge, no executive officer or director of AbbVie failed to file reports required by Section 16(a) on a timely basis.

Performance-Based Compensation Arrangements

The Performance Incentive Plan and the Incentive Stock Program are intended to comply with Internal Revenue Code Section 162(m) to permit deductibility of performance-based compensation with respect to awards granted before November 2017. In connection with such awards, the compensation committee expects to take appropriate

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steps to preserve deductibility, but has the flexibility to take actions that may be based on considerations in addition to tax deductibility. The committee believes that stockholder interests are best served by not restricting the committee's discretion and flexibility in crafting compensation programs, even if such programs may result in certain non-deductible compensation expenses. Accordingly, the committee may approve components of compensation for certain executive officers that are not deductible.

Exclusive Forum

AbbVie is incorporated in the state of Delaware and Delaware law governs the relationship among its directors, officers, and stockholders (also known as the internal affairs doctrine). To provide for the orderly, efficient and cost-effective resolution of Delaware-law issues affecting AbbVie, the company's Certificate of Incorporation provides that unless the board of directors otherwise determines, Delaware courts are the exclusive forum for cases involving the internal affairs doctrine, derivative actions brought on behalf of the company, claims for breach of fiduciary duty, and other matters concerning Delaware statutory and common law. The provision does not apply to any other cases brought against AbbVie. There is uncertainty as to whether a court would enforce the exclusive forum provision with respect to claims under the federal securities laws. The preceding paragraph is not an exhaustive description.

Other Matters

The board of directors knows of no other business to be transacted at the 2022 Annual Meeting of Stockholders, but if any other matters do come before the meeting, it is the intention of the persons named in the accompanying proxy to vote or act with respect to them in accordance with their best judgment.

Date for Receipt of Stockholder Proposals for the 2023 Annual Meeting Proxy Statement

Stockholder proposals for presentation at the 2023 Annual Meeting must be received by AbbVie no later than November 22, 2022 and must otherwise comply with the applicable requirements of the Securities and Exchange Commission to be considered for inclusion in the proxy statement and proxy for the 2023 meeting.

Procedure for Recommendation and Nomination of Directors and Transaction of Business at Annual Meeting

A stockholder may recommend persons as potential nominees for director by submitting the names of such persons in writing to the secretary of AbbVie. Recommendations must be accompanied by certain information about both the nominee and the stockholder making the nomination, as set forth in AbbVie's Amended and Restated By-Laws. A nominee who is recommended by a stockholder following these procedures will receive the same consideration as other comparably qualified nominees.

A stockholder entitled to vote for the election of directors at an Annual Meeting and who is a stockholder of record on:

- the record date for that Annual Meeting,
- the date of this proxy statement, and
- the date of the Annual Meeting

may nominate persons for director, or make proposals of other business to be brought before the Annual Meeting, by providing proper timely written notice to the secretary of AbbVie. That notice must include certain information required by Article II of AbbVie's Amended and Restated By-Laws, including information about the stockholder, any beneficial owner on whose behalf the nomination or proposal is being made, their respective affiliates or associates or others acting in concert with them, and any proposed director nominee.

For each matter the stockholder proposes to bring before the Annual Meeting, the notice must also include a brief description of the business to be discussed, the reasons for conducting such business at the Annual Meeting, any material interest of the stockholder in such business and certain other information specified in the By-Laws. In

addition, in the case of a director nomination, the notice must include a completed and signed questionnaire, representation and agreement of the nominee addressing matters specified in the By-Laws.

To be timely, written notice either to directly nominate persons for director or to bring business properly before the Annual Meeting must be received at AbbVie's principal executive offices not less than ninety days and not more than one hundred twenty days prior to the anniversary date of the preceding Annual Meeting. If the Annual Meeting is called for a date that is more than thirty days before or sixty days after such anniversary date, notice by the stockholder must be received not less than ninety days and not more than one hundred twenty days prior to the date of such Annual Meeting and not later than the close of business on the later of ninety days prior to the date of such Annual Meeting, or, if the first public announcement of the date of such Annual Meeting is less than one hundred days prior to the date of such Annual Meeting, the tenth day following the day on which public announcement of the date of such meeting is first made by AbbVie. To be timely for the 2023 Annual Meeting, this written notice must be received by AbbVie no later than February 6, 2023.

In addition, the notice must be updated and supplemented, if necessary, so that the information provided or required to be provided is true and correct as of the record date for the Annual Meeting and as of the date that is ten business days prior to the meeting. Any such update or supplement must be delivered to the secretary of AbbVie at AbbVie's principal executive offices not more than five business days after the record date for the Annual Meeting, and not less than eight business days before the date of the Annual Meeting in the case of any update or supplement required to be made as of ten business days prior to the Annual Meeting.

Procedure for Stockholder Nominations to be Included in AbbVie's Proxy Materials

AbbVie adopted a proxy access By-Law provision to permit a stockholder, or a group of up to 20 stockholders, continuously owning shares of our company for at least 3 years and representing an aggregate of at least 3% of the outstanding shares of common stock, to nominate and include in our proxy materials director nominee(s) constituting up to 25% of the total number of the directors in office, provided that the stockholder(s) and the nominee(s) satisfy the requirements in our By-Laws. Notice must include certain information required by Article II of AbbVie's Amended and Restated By-Laws. To be timely, written notice must be received at AbbVie's principal executive offices not earlier than 150 days and not later than 120 days before the anniversary of the date that the company mailed its proxy statement for the prior year's annual meeting of stockholders. To be timely for the 2023 Annual Meeting, this written notice must be received by AbbVie no later than November 22, 2022 and must include the specific information required by, and otherwise comply with the requirements of, our By-Laws.

Householding of Proxy Materials

The Securities and Exchange Commission has adopted rules that permit companies and intermediaries (such as brokers or banks) to satisfy the delivery requirements for proxy statements with respect to two or more security holders sharing the same address by delivering a single Notice or proxy statement addressed to those security holders. This process, which is commonly referred to as "householding," potentially provides extra convenience for security holders and cost savings for companies.

Several brokers and banks with accountholders who are AbbVie stockholders will be "householding" our proxy materials. As indicated in the notice provided by these brokers to AbbVie stockholders, a single proxy statement will be delivered to multiple stockholders sharing an address unless contrary instructions have been received from an affected stockholder. Once you have received notice from your broker that it will be "householding" communications to your address, "householding" will continue until you are notified otherwise or until you revoke your consent. If, at any time, you no longer wish to participate in "householding" and you prefer to receive a separate proxy statement, please notify your broker, or contact Broadridge Financial Solutions at 1-866-540-7095, or write to us at Investor Relations, AbbVie Inc., 1 North Waukegan Road, North Chicago, Illinois 60064. Stockholders who currently receive multiple copies of the proxy statement at their address and would like to request "householding" of their communications should contact their broker or bank.

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Cautionary Statement Regarding Forward-Looking Statements

Some statements in this proxy statement are, or may be considered, 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, the failure to realize the expected benefits of AbbVie's acquisition of Allergan or to promptly and effectively integrate Allergan's business, challenges to intellectual property, competition from other products, difficulties inherent in the research and development process, adverse litigation or government action, and changes to laws and regulations applicable to our industry. 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," of AbbVie's 2021 Annual Report on Form 10-K, which has been filed with the Securities and Exchange Commission, as updated by its Quarterly Reports on Form 10-Q and in other documents that AbbVie subsequently files with the Securities and Exchange Commission that update, supplement or supersede such information. 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.

General

It is important that proxies be returned promptly. Stockholders are urged to vote, regardless of the number of shares of AbbVie common stock owned. Stockholders may vote by telephone, by Internet, or by mail if a printed version of the proxy card was received or requested. Stockholders who vote by telephone or the Internet do not need to return a proxy card.

The Annual Meeting will be held on Friday, May 6, 2022 at 9:00 a.m. CT. This year's Annual Meeting will be a virtual meeting of stockholders. It is important to us that our stockholders be able to engage with the company and its executives during the annual meeting. AbbVie held virtual stockholder meetings in 2020 and 2021 and generally received positive feedback from investors. We found that more stockholders were able to attend and our executive leadership team was able to answer more stockholder questions than in prior years, when the company held in-person meetings. A virtual meeting allows more stockholders to attend the meeting equally and without cost, from anywhere around the globe. At the 2022 virtual shareholder meeting, stockholders will be able to attend the Annual Meeting, vote, and submit questions via live webcast by visiting www.virtualshareholdermeeting.com/ABBV2022. Consistent with prior practice at our in-person meetings, we will address as many stockholder-submitted question topics as time permits. If we do not have time to address a specific question, a member of our governance team will follow-up with the stockholder(s) after the meeting. The virtual meeting website can be accessed on a computer, tablet, or phone with internet connection. For stockholders without access to the internet, you may listen to the Annual Meeting by telephone at 1-877-328-2502. AbbVie will make any required list of stockholders available during the meeting. Closed captioning will be available on the meeting platform.

On the day of the Annual Meeting, stockholders may begin to log in to the online virtual annual meeting platform beginning at 8:45 a.m. Central Time, and the meeting will begin promptly at 9:00 a.m. Central Time. Please allow ample time for online login. If you encounter any difficulties accessing the virtual meeting or during the meeting time, please call 1-844-986-0822 (USA) or 1-303-562-9302 (International) for technical support.

To be admitted to the Annual Meeting at www.virtualshareholdermeeting.com/ABBV2022, you must enter the control number found on your proxy card, voting instruction form or notice you received. You may vote during the Annual Meeting by following the instructions available on the meeting website during the meeting.

By order of the board of directors.
LAURA J. SCHUMACHER
SECRETARY

INFORMATION ABOUT THE ANNUAL MEETING

Who Can Vote

Stockholders of record at the close of business on March 7, 2022 will be entitled to notice of and to vote during the Annual Meeting. As of March 7, 2022, AbbVie had 1,766,284,924 outstanding shares of common stock, which are AbbVie's only outstanding voting securities. Each stockholder has one vote per share. Stockholders do not have the right to vote cumulatively in electing directors.

Notice and Access

In accordance with the Securities and Exchange Commission (SEC) e-proxy rules, AbbVie mailed a Notice of Internet Availability of Proxy Materials (the "Notice") to stockholders in March 2022. The Notice describes the matters to be considered at the Annual Meeting and how stockholders can access the proxy materials online. It also provides instructions on how stockholders can vote their shares. If you received the Notice, you will not receive a printed version of the proxy materials unless you request one. If you would like to receive a printed version of the proxy materials, free of charge, please follow the instructions on the Notice.

Voting by Proxy

AbbVie's stockholders may vote their shares by telephone, the Internet, or during the Annual Meeting. If you vote by telephone or the Internet, you do not need to return your proxy card. The instructions for voting can be found on the Notice, on the website listed in the Notice, and, if you received one, on your proxy card. If you requested a printed version of the proxy card, you may also vote by mail.

Revoking a Proxy

You may revoke your proxy by voting during the Annual Meeting or, at any time prior to the meeting:

- by delivering a written notice to the secretary of AbbVie,
- by delivering an authorized proxy with a later date, or
- by voting by telephone or the Internet after you have given your proxy.

Discretionary Voting Authority

Unless otherwise specified in accordance with the instructions on the proxy, the persons named in the proxy will vote the shares of AbbVie common stock covered by proxies they receive to elect the four nominees named in Item 1 on the proxy card. If a nominee becomes unavailable to serve, the shares will be voted for a substitute designated by the board of directors or for fewer than four nominees if, in the judgment of the proxy holders, such action is necessary or desirable.

Where a stockholder has specified a choice for or against the proposals to be presented at the Annual Meeting or if the stockholder has chosen to abstain, the shares of AbbVie common stock represented by the proxy will be voted (or not voted) as specified. Where no choice has been specified, the proxy will be voted FOR the ratification of Ernst & Young LLP as auditors, FOR the approval of executive compensation, FOR the management proposal to eliminate supermajority voting, and AGAINST each of the stockholder proposals.

The board of directors is not aware of any other issue that may properly be brought before the meeting. If other matters are properly brought before the meeting, the accompanying proxy will be voted in accordance with the judgment of the proxy holders.

Quorum and Vote Required to Approve Each Item on the Proxy

A majority of the outstanding shares entitled to vote generally in the election of directors, represented in person or by proxy, constitutes a quorum. Directors are elected by stockholders in an uncontested election if a majority of

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the votes cast are "for" a director's re-election at the Annual Meeting, excluding abstentions and broker non-votes. For other matters, the affirmative vote of a majority of the shares represented, in person or by proxy, at the meeting and entitled to vote on a matter shall be the act of the stockholders with respect to that matter; except for the management proposal to eliminate supermajority voting, which requires the affirmative vote of shares representing not less than eighty percent (80%) of the outstanding shares of capital stock of AbbVie entitled to vote generally in the election of directors pursuant to Article XI of AbbVie's Amended and Restated Certificate of Incorporation.

Effect of Broker Non-Votes and Abstentions

A proxy submitted by an institution such as a broker or bank that holds shares for the account of a beneficial owner may indicate that all or a portion of the shares represented by that proxy are not being voted with respect to a particular matter. This could occur, for example, when the broker or bank is not permitted to vote those shares in the absence of instructions from the beneficial owner of the stock. These "non-voted shares" will be considered shares not present and, therefore, not entitled to vote on those matters, although these shares may be considered present and entitled to vote for other purposes. Brokers and banks have discretionary authority to vote shares in the absence of instructions on matters the New York Stock Exchange considers "routine," such as the ratification of the appointment of the auditors. They do not have discretionary authority to vote shares in absence of instructions on "non-routine" matters. The election of directors, the advisory vote on the approval of executive compensation, the management proposal to eliminate supermajority voting, and the stockholder proposals are considered "non-routine" matters. Non-voted shares will not affect the determination of the outcome of the vote on any matter to be decided at the meeting. Shares represented by proxies that are present and entitled to vote on a matter but that have elected to abstain from voting on that matter, other than the election of directors, will have the effect of votes against that matter.

Inspectors of Election

The inspectors of election and the tabulators of all proxies, ballots, and voting tabulations that identify stockholders are independent and are not AbbVie employees.

Cost of Soliciting Proxies

AbbVie will bear the cost of making solicitations from its stockholders and will reimburse banks and brokerage firms for out-of-pocket expenses incurred in connection with this solicitation. Proxies may be solicited by mail, telephone, Internet, or in person by directors, officers, or employees of AbbVie and its subsidiaries.

AbbVie has retained Alliance Advisors LLC to aid in the solicitation of proxies, at an estimated cost of $16,000 plus reimbursement for reasonable out-of-pocket expenses.

AbbVie Savings Plan

Participants in the AbbVie Savings Plan will receive voting instructions for their shares of AbbVie common stock held in the AbbVie Savings Plan Trust. The Trust is administered by both a trustee and an investment committee. The trustee is Great-West Trust Company, LLC. The members of the investment committee are William H.S. Preece, David Purdue and Michael J. Thomas, employees of AbbVie. The voting power with respect to the shares is held by and shared between the investment committee and the participants. The investment committee must solicit voting instructions from the participants and follow the voting instructions it receives. The investment committee may use its own discretion with respect to those shares of AbbVie common stock for which no voting instructions are received.

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Proposed Certificate of Amendment to the Amended and Restated Certificate of Incorporation of AbbVie Inc.

The text of the proposed amendment is marked to reflect the proposed changes.

AbbVie Inc., a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware (the "Corporation"), does hereby certify:

1. Articles VIII and XI of AbbVie's Amended and Restated Certificate of Incorporation are amended to read as follows:

ARTICLE VIII
AMENDMENTS TO BY-LAWS

In furtherance and not in limitation of the powers conferred by the laws of the State of Delaware, the By-laws of the Corporation (the "By-laws") may be altered, amended or repealed, in whole or in part, and new By-laws may be adopted, (i) by the affirmative vote of shares representing a majority of the outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors; provided, however, ~~that any proposed alteration, amendment or repeal of, or the adoption of any By-law inconsistent with, Sections 2.2, 2.12, 3.2, 3.3, 3.10 or 3.11, Article VII or Article X of the By-laws (in each case, as in effect on the date hereof), or the alteration, amendment or repeal of, or the adoption of any provision inconsistent with this sentence, may only be made by the affirmative vote of shares representing not less than eighty percent (80%) of the outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors; and provided further, however~~, that in the case of any such stockholder action at a meeting of stockholders, notice of the proposed alteration, amendment, repeal or adoption of the new By-law or By-laws must be contained in the notice of such meeting, or (ii) by action of the Board of Directors of the Corporation; provided, however, that the case of any such action at a meeting of the Board of Directors, notice of the proposed alteration, amendment, repeal or adoption of the new By-law or By-laws must be given not less than two days prior to the meeting.

* * *

ARTICLE XI
AMENDMENTS

The Corporation reserves the right to amend, alter or repeal any provision contained in this Amended and Restated Certificate of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are subject to this reservation. ~~In furtherance and not in limitation of the powers conferred by the laws of the State of Delaware as they presently exist or may hereafter be amended, subject to any limitations contained elsewhere in this Amended and Restated Certificate of Incorporation, the Corporation may from time to time adopt, amend or repeal any provisions of this Amended and Restated Certificate of Incorporation; provided, however, that any proposed alteration, amendment or repeal of, or the adoption of any provision inconsistent with, Article VI and Article VII of this Amended and Restated Certificate of Incorporation (in each case, as in effect on the date hereof), or the alteration, amendment or repeal of, or the adoption of any provision inconsistent with this sentence, may only be made by the affirmative vote of shares representing not less than eighty percent (80%) of the outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors.~~

2. The foregoing amendment to the Amended and Restated Certificate of Incorporation of the Corporation was duly adopted in accordance with the provisions of Section 242 of the Delaware General Corporation Law.

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Amendment to the Amended and Restated Certificate of Incorporation to be executed by the undersigned officer, duly authorized, as of the day of 2022.

AbbVie Inc.

By: _____
Name:
Title:

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AbbVie Inc.
Reconciliation of GAAP Reported to Non-GAAP Adjusted Information
Year Ended December 31, 2021
(Unaudited) (In millions, except per share data)

Non-GAAP Financial Results

Financial results are presented on both a reported and a non-GAAP basis. Reported results were prepared in accordance with GAAP and include all revenues and expenses recognized during the period. Non-GAAP results adjust for certain non-cash items and for factors that are unusual or unpredictable, and exclude those costs, expenses, and other specified items. AbbVie's management believes non-GAAP financial measures provide useful information to investors regarding AbbVie's results of operations and assist management, analysts, and investors in evaluating the performance of the business. Non-GAAP financial measures should be considered in addition to, and not as a substitute for, measures of financial performance prepared in accordance with GAAP.

Business Performance Highlights Reconciliations

1. Net Revenues since 2013 Inception and Compound Annual Growth Rate

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2021-2013 CAGR
As reported (GAAP)	$ 56,197	$ 45,804	$ 33,266	$ 32,753	$ 28,216	$ 25,638	$ 22,859	$ 19,960	$ 18,790	14.7 %
Adjusted for specified items:	(75)	(20)	—	(20)	—	(78)	(40)	(81)	—	—
As adjusted (non-GAAP)	$ 56,122	$ 45,784	$ 33,266	$ 32,733	$ 28,216	$ 25,560	$ 22,819	$ 19,879	$ 18,790	14.7 %

The 2021 specified revenue item represents a milestone payment received under a previously announced collaboration. The 2020 specified revenue item represents an upfront payment received under a previously announced legacy Allergan collaboration. The 2018 specified revenue item represents a milestone payment received under a previously announced collaboration. The 2016 specified revenue items included milestone revenue under previously announced collaborations and prior period royalty revenue related to a patent lawsuit settlement. The 2015 net revenue specified item represents a milestone payment received under a previously announced collaboration. The 2014 net revenue specified item reflects royalty income from prior periods recognized in the fourth quarter of 2014 as a result of the settlement of a licensing arrangement.

2. Diluted Earnings Per Share Compound Annual Growth Rate and Operating Margin Expansion since 2013 Inception

	Earnings Per Share			Operating Margin Expansion				
	2021	2013	2021-2013 CAGR	2021	2020	2013	2021-2020 Expansion	2021-2013 Expansion
As reported (GAAP)	$ 6.45	$ 2.56	12.2 %	31.9 %	24.8 %	30.1 %	710 bps	180 bps
Adjusted for specified items:	6.25	0.58		18.4 %	23.2 %	6.2 %	(480) bps	1,220 bps
As adjusted (non-GAAP)	$ 12.70	$ 3.14	19.1 %	50.3 %	48.0 %	36.3 %	230 bps	1,400 bps

3. Net Revenues Increase over 2020

	Net Revenues
As reported (GAAP)	22.7 %
Adjusted for specified and other items:	(0.1)%
Adjusted for foreign exchange:	(0.8)%
As adjusted (non-GAAP)	21.8 %

4. 2021 Gross Margin and Research & Development Expense

	Gross Margin	Research & Development
As reported (GAAP)	69.0 %	$ 7.1
Adjusted for specified items:	14.2 %	(0.6)
As adjusted (non-GAAP)	83.2 %	$ 6.5

5. Diluted Earnings Per Share since 2013 Inception

	2021	2020	2019	2018	2017	2016	2015	2014	2013
As reported (GAAP)	$ 6.45	$ 2.72	$ 5.28	$ 3.66	$ 3.30	$ 3.63	$ 3.13	$ 1.10	$ 2.56
Adjusted for specified items:									
Intangible asset amortization	3.60	2.87	0.86	0.69	0.51	0.38	0.20	0.18	0.23
Separation costs	—	—	—	—	—	—	0.13	0.24	0.10
Milestones and other R&D expenses	0.17	0.14	0.20	0.09	0.09	0.05	0.26	0.02	—
Acquired IPR&D	0.53	0.71	0.25	0.27	0.20	0.12	0.09	0.15	0.21
Reata divestiture	—	—	(0.20)	—	—	—	—	—	—
Calico collaboration	0.28	—	—	0.32	—	—	—	0.46	—
Stemcentrx-related impairment	—	—	0.56	2.66	—	—	—	—	—
Charitable contribution	—	—	—	0.18	—	—	—	—	—
Acquisition related costs	0.12	1.81	0.23	—	0.03	0.16	0.25	—	—
Shire transaction and termination costs	—	—	—	—	—	—	0.10	1.12	—
Change in fair value of contingent consideration	1.50	3.43	2.14	0.31	0.39	0.14	—	—	—
Restructuring[1]	—	—	0.10	—	—	—	—	—	—
Litigation matters	0.14	—	(0.28)	0.18	0.18	—	0.08	—	—
Intangible asset impairment	—	—	—	—	0.15	—	—	—	—
Venezuela devaluation loss	—	—	—	—	—	0.18	—	—	—
Revaluation due to Section 987 tax law change	—	—	—	—	—	0.12	—	—	—
Impacts related to tax law changes and audit settlements	(0.15)	(1.14)	(0.27)	(0.49)	0.71	—	—	—	—
Other	0.06	0.02	0.07	0.04	0.04	0.04	0.05	0.05	0.04
As adjusted (non-GAAP)	$ 12.70	$ 10.56	$ 8.94	$ 7.91	$ 5.60	$ 4.82	$ 4.29	$ 3.32	$ 3.14

(1) Except for 2019, restructuring impacts were minimal and included in the Other category.

2021 Performance Results for Financial Goals Reconciliations

	Net Revenues	Income Before Taxes	Operating Margin	Net Earnings*
As reported (GAAP)	56,197	12,989	17,924	11,542
Adjusted for specified items:				
Intangible asset amortization	—	7,718	7,718	6,419
Acquisition and integration costs	—	344	344	215
Milestones and other R&D expenses	—	359	359	307
Acquired IPR&D	—	962	962	948
Calico collaboration	—	500	500	500
Change in fair value of contingent consideration	—	2,679	—	2,677
Litigation matters	—	307	307	253
Impacts related to tax law changes and audit settlements	—	—	—	(265)
Other	(75)	88	101	100
Adjusted for foreign exchange:	(637)	(26)	(34)	—
As adjusted (non-GAAP)	55,485	25,920	28,181	22,696

*Represents net earnings attributable to AbbVie Inc.

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Acquisition and integration costs reflect Allergan integration costs, Soliton acquisition costs as well as amortization of the acquisition date fair value step-up for inventory related to the Allergan acquisition partially offset by a recovery of certain Allergan acquisition-related regulatory fees. Milestones and other R&D expenses include milestone payments for previously announced collaborations and the purchase of FDA priority review vouchers from third parties. Acquired IPR&D represents initial costs to acquire rights to in-process R&D projects through R&D collaborations, licensing arrangements or other asset acquisitions. Other primarily includes COVID-19 related expenses, restructuring charges associated with streamlining global operations and tax related items, offset by milestone revenue under an existing collaboration agreement.

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Science for the health of society in 2021

Our commitment to health doesn't stop with our medicines.

We're committed to giving back to our communities and our wide range capabilities have been valuable in the fight against the COVID-19 pandemic.

Launched a vaccine clinic with the Lake County Health Department, the Cities of North Chicago and Waukegan, and North Chicago Community Partners.

- Improved vaccine access for marginalized communities by addressing transportation and technology barriers.
- Almost 6,000 seniors were vaccinated, many were low-income people and from a high-risk population.

Encouraged employees to volunteer at vaccine clinics in our major U.S. locations in Illinois, California, and Massachusetts.

- 500+ AbbVie volunteers staffed 11 clinic days at the Lake County Fairgrounds mass vaccination site in Illinois, contributing to over 12,000 vaccinations.
- Employees partnered with Direct Relief and VOCES Puerto Rico Immunization and Health Promotion Coalition to process 4,000 vaccination records to help the local government process vaccination information.
- 18 employees volunteered at Chicago's United Center Mass Vaccination site, contributing to over 7,000 vaccinations.

Many AbbVie employees have specialized skills needed to volunteer in a pandemic, so AbbVie established policies empowering employees to join the fight against COVID-19. These policies enabled employees with relevant medical, pharmaceutical, R&D, public health skills and training to volunteer with government and community efforts and allowed volunteers to receive full pay, benefits, and to return to their position after their service.

Year one of our $55 million, five-year commitment to advance health and education equity in Black and historically marginalized communities across the United States set a strong foundation for change.

Direct Relief launched the Fund for Health Equity, seeded by the AbbVie Foundation, and awarded its first 10 grants to community health centers addressing health disparities.

Equal Justice Initiative reached millions with groundbreaking reports, films and resources highlighting the history of racial injustice in the U.S. while winning legal victories challenging wrongful convictions and excessive punishment.

NAACP Legal Defences and Educational Fund, Inc. continued to battle for civil rights, racial justice and an inclusive society while advocating for the rights of Black Americans to ensure equal access to resources and relief.

National Urban League expanded opportunities for marginalized youth, building capacity at 17 U.S. sites and implementing a mentorship model enabling 300 mentors to support over 1,500 young people.

Providence St. Mel, awarded 17 scholarships and expanded programs to help close achievement gaps for Black students struggling academically.

United Negro College Fund built the Healthcare Workforce Diversity Program and awarded 200 scholarships to prepare Black professionals to pursue healthcare careers and drive greater equity in health and education.

Urban Health Initiative launched Liaisons in Care (LinC) to promote health equity in Chicago's South Side community, engaging in over 775 patients visits, providing education on disease management and food, transportation and housing resources.

Year Up empowered over 3,000 young adults to achieve economic mobility and justice by providing access to technical, professional, and real-world work experience and by piloting new, virtual opportunities for increased participation.

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