

AbbVie Inc.  
Form PRE 14A  
March 08, 2019

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

**SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under §240.14a-12

**AbbVie Inc.**

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(Name of Registrant as Specified In Its Charter)

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(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
  - (4) Proposed maximum aggregate value of transaction:
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      - (1) Amount Previously Paid:
      - (2) Form, Schedule or Registration Statement No.:
      - (3) Filing Party:
      - (4) Date Filed:
-

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**Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to Be Held on May 3, 2019**

The Annual Meeting of the Stockholders of AbbVie Inc. will be held at the Fairmont Chicago, Millennium Park, 200 North Columbus Drive, Chicago, Illinois 60601, on Friday, May 3, 2019, at 9:00 a.m. CT for the following purposes:

To elect three directors to hold office until the 2022 Annual Meeting or until their successors are elected (Item 1),

To ratify the appointment of Ernst & Young LLP as AbbVie's independent registered public accounting firm for 2019 (Item 2),

To vote on an advisory vote on the approval of executive compensation (Item 3),

To vote on a management proposal to eliminate supermajority voting (Item 4), and

To transact such other business as may properly come before the meeting, including consideration of three stockholder proposals, if presented at the meeting (Items 5, 6, and 7).

**Your Vote Is Important**

**Please promptly vote your shares by telephone, using the Internet, or by signing and returning your proxy in the enclosed envelope if you received a printed version of the proxy card.**

**The board of directors recommends that you vote FOR Items 1, 2, 3, and 4 on the proxy card.**

**The board of directors recommends that you vote AGAINST Items 5, 6, and 7 on the proxy card.**

The close of business on March 8, 2019, has been fixed as the record date for determining the stockholders entitled to receive notice of and to vote at the Annual Meeting.

**AbbVie's 2019 Proxy Statement and 2018 Annual Report on Form 10-K are available at [www.abbvieinvestor.com](http://www.abbvieinvestor.com).** If you are a registered stockholder, you may access your proxy card by either:

Going to the following website: [www.proxyvote.com](http://www.proxyvote.com), entering the information requested on your computer screen and following the simple instructions, or

Calling (in the United States, U.S. territories, and Canada) toll free 1-800-690-6903 on a touch-tone telephone and following the simple instructions provided by the recorded message.

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Admission to the meeting will be by admission card only. If you plan to attend, please complete and return the reservation form in the back of these materials and an admission card will be sent to you. Due to space limitations, reservation forms must be received before April 26, 2019. Each admission card, along with photo identification, admits one person. A stockholder may request two admission cards, but a guest must be accompanied by a stockholder.

By order of the board of directors.

Laura J. Schumacher

*Secretary*

March [ ], 2019

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The accompanying proxy is solicited on behalf of the board of directors for use at the Annual Meeting of Stockholders. The meeting will be held on May 3, 2019, at the Fairmont Chicago, Millennium Park, 200 North Columbus Drive, Chicago, Illinois 60601. This summary highlights selected information in the proxy statement. Please review the entire proxy statement and the AbbVie 2018 Annual Report before voting.

**2019 Annual Meeting of Stockholders**

**Date and Time: May 3, 2019 9:00 a.m. CT**

**Location: Fairmont Chicago, Millennium Park, 200 North Columbus Drive, Chicago, Illinois 60601**

**Record Date: March 8, 2019**

**How to Vote:** Stockholders as of the record date are entitled to vote via the Internet at [www.proxyvote.com](http://www.proxyvote.com); by telephone at 1-800-690-6903; by returning a completed proxy card; or in person at the Annual Meeting of Stockholders.

**Voting Items and Board Recommendations**

		<b>Board Recommendations</b>
Item 1	<b>Election of Directors</b>	FOR All Nominees
Item 2	<b>Ratification of Independent Auditor</b>	FOR
Item 3	<b>Say on Pay Advisory Vote on the Approval of Executive Compensation</b>	FOR
Item 4	<b>Management Proposal to Eliminate Supermajority Voting</b>	FOR
Item 5	<b>Stockholder Proposal on Lobbying Report</b>	AGAINST
Item 6	<b>Stockholder Proposal on Compensation Committee Drug Pricing Report</b>	AGAINST
Item 7	<b>Stockholder Proposal on Independent Chair</b>	AGAINST

**Business Overview and Performance Highlights**

*Business Overview*

Since becoming a public company in 2013, AbbVie's mission has been to create an innovation-driven, patient-focused specialty biopharmaceutical company capable of achieving sustainable top-tier performance through outstanding execution and a consistent stream of innovative new medicines. AbbVie's adjusted revenue and adjusted earnings per share growth in 2018 ranks the company at the very top of its peer group and reflects the continued strength of its execution across business priorities. Collectively, the new medicines that AbbVie has

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introduced since inception including new therapies in hematologic oncology and hepatitis C virus represented nearly a quarter of AbbVie's total sales in 2018 and will be important contributors in 2019 and beyond. With the launch of several new products in 2019, combined with a robust mid- and late-stage pipeline, AbbVie remains well-positioned to deliver on its long-term vision for the company, including sustainable, top-tier performance along with increasing returns to stockholders.

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**PROXY STATEMENT SUMMARY**

AbbVie's products are focused on treating conditions such as chronic autoimmune diseases in rheumatology, gastroenterology and dermatology; oncology, including blood cancers; virology, including hepatitis C virus and human immunodeficiency virus; neurological disorders, such as Parkinson's disease; metabolic diseases, including thyroid disease and complications associated with cystic fibrosis; pain associated with endometriosis; as well as other serious health conditions. AbbVie's pipeline includes more than 60 compounds or indications in development across important medical specialties such as immunology, oncology and neuroscience, with additional targeted investments in cystic fibrosis and women's health.

*Business Performance Highlights*

**AbbVie has Delivered Robust Financial Results since Inception**

**The measures set forth above were calculated as of December 31, 2018.**

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\* 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.

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 quartile of its Health Care Peer Group. Additionally, AbbVie is committed to a robust return of capital to stockholders with an increase of 168% in its quarterly dividend since 2013 as part of a balanced and disciplined capital allocation program. AbbVie's total stockholder return

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## **PROXY STATEMENT SUMMARY**

(TSR) since inception of 235.2% also places AbbVie at the top of its Health Care Peer Group, and more than 136 percentage points above the Standard & Poor's 500 Index and more than 152 percentage points above the NYSE Arca Pharmaceutical Index over the same time period.

**AbbVie has Significantly Grown Revenue and EPS Since 2013**

\* Net revenues and diluted earnings per share are adjusted for specified items and are non-GAAP measures, which are reconciled in Appendix B.

**AbbVie has Delivered Outstanding Results, Ranking First or Second on Nearly Each of the Below Financial Metrics**

(1)

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 and Pfizer Inc.

**AbbVie also Delivered Strong Business Performance in 2018**

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AbbVie has built a strong foundation for its business and 2018 was an exceptional year, as evidenced by a number of business highlights:

**Net Revenues:** AbbVie reported full-year net revenues of \$32.8 billion on a GAAP basis and adjusted net revenues of \$32.7 billion, an increase of 15.2% over 2017, excluding the impact of foreign exchange. This places AbbVie at the top of its Health Care Peer Group.

*2019 Proxy Statement* |

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**PROXY STATEMENT SUMMARY**

**HUMIRA:** AbbVie delivered global HUMIRA sales of \$19.9 billion, an increase of 8.2% on a reported basis, or 7.4% excluding the impact of foreign exchange. HUMIRA'S performance was driven by continued biologic penetration across therapeutic categories and geographies.

**IMBRUVICA:** Global IMBRUVICA net revenue was \$3.6 billion, an increase of 39.5%, driven by market share growth in front-line chronic lymphocytic leukemia (CLL) and other approved indications.

**Gross and Operating Margins:** In 2018, AbbVie reported a gross margin of 76.4% on a GAAP basis or 80.6% of net revenues on an adjusted basis. AbbVie's operating margin was 19.5% on a GAAP basis or 44.6% of net revenues on an adjusted basis.

**Earnings Per Share:** AbbVie reported full-year diluted EPS of \$3.66 on a GAAP basis and adjusted diluted EPS of \$7.91, up 41.3%. This reflects growth in the very top tier of AbbVie's Health Care Peer Group. For 2019, AbbVie provided a diluted EPS guidance range of \$7.39 to \$7.49 on a GAAP basis and \$8.65 to \$8.75 on an adjusted basis. The midpoint of the adjusted guidance represents growth of 10% over 2018, 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 VENCLEXTA in combination with RITUXAN (rituximab) in relapsed/refractory chronic lymphocytic leukemia (CLL); conditional approval for VENCLEXTA in combination with azacitidine or decitabine or low-dose cytarabine in newly diagnosed acute myeloid leukemia patients ineligible for intensive chemotherapy; IMBRUVICA in combination with rituximab as the first chemotherapy-free combination treatment for Waldenström macroglobulinemia; and ORLISSA for the management of moderate to severe pain associated with endometriosis.

**Pipeline Development:** With more than 30 programs in mid- and late-stage development, AbbVie made significant pipeline advancements in 2018. AbbVie announced data from nearly a dozen pivotal trials, initiated a number of important phase transitions across our key development programs and made multiple regulatory submissions. AbbVie completed registrational studies and submitted regulatory applications for the company's next-generation immunology assets, upadacitinib and risankizumab, in rheumatoid arthritis and psoriasis, respectively. In addition, the company initiated several Phase 3 programs for these assets including studies for upadacitinib in atopic dermatitis and ulcerative colitis, as well as risankizumab in Crohn's disease. AbbVie reported positive data from Phase 3 studies in other areas of the pipeline including ELAGOLIX in uterine fibroids, VENCLEXTA in front-line CLL, and results from several trials evaluating IMBRUVICA in front-line CLL.

**Corporate Governance Highlights**

Our board of directors is committed to strong corporate governance tailored to meet the needs of AbbVie and its stockholders to enhance stockholder value. In connection with our ongoing, proactive engagement with stockholders (as described in greater detail on pages 34-35), AbbVie's board of directors:

**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

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submitted a declassification management proposal to a stockholder vote in 2018, 2017, and 2016;

**approved and implemented in 2016 a proxy access by-law** provision to permit a stockholder, or a group of up to 20 stockholders, owning at least 3% of the company's outstanding common stock continuously for at least 3 years to nominate and include in the company's proxy materials director nominees constituting up to 25% of the board of directors, as further detailed in the company's By-Laws;

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**PROXY STATEMENT SUMMARY**

**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;

**incorporated an overview of AbbVie's corporate responsibility** approach and initiatives in the proxy statement beginning in 2018; and

**reviewed detailed feedback from AbbVie's investor engagement program**, which reaches out to stockholders holding approximately 45% of the company's outstanding shares.

Highlights of our governance practices include:

<b>Governance Practice</b>	<b>For more information</b>
<b>Independent lead director</b> with robust responsibilities is selected by the board	p. 16
Ten of AbbVie's eleven directors are <b>independent</b> and regularly meet in <b>executive session</b>	p. 16
All members of the audit, compensation, nominations and governance and public policy <b>committees are independent</b>	p. 19
<b>Adopted a proxy access</b> By-Law provision for 3%/3 years	p. 77
Policy <b>prohibiting hedging and pledging</b>	p. 44
Robust <b>stock ownership guidelines</b>	p. 43
Disclosure of our corporate <b>political contributions</b> and our <b>trade association</b> dues and oversight process	<a href="http://www.abbvie.com/responsibility/transparency-policies/corporate-political-participation.html">http://www.abbvie.com/responsibility/transparency-policies/corporate-political-participation.html</a>
<b>Broad clawback</b> authority to recover incentive plan awards	p. 44
For inclusion on the board, the nominations and governance committee considers <b>diversity</b> of ethnicity, gender, and geography	p. 19
<b>Related person transaction</b> policy to ensure appropriate oversight	p. 75
We do not have a <b>stockholder rights plan</b> or "poison pill"	Certificate of Incorporation and By-Laws
Our directors are elected by a <b>majority vote</b> of our stockholders	p. 10

for uncontested elections and we have a resignation policy if the director fails to receive a majority of the votes cast

We hold an **annual say-on-pay** advisory vote on executive compensation

Our governance guidelines restrict the number of boards our directors may serve on to **prevent overboarding**

Annual board and committee **self-assessments** and annual **succession planning**

We are guided by strong **ethics programs** and **supplier guidelines**

p. 66

Corporate Governance Guidelines

Corporate Governance Guidelines

<http://www.abbvie.com/responsibility/home.html>

### **Corporate Responsibility 2018 Highlights**

At AbbVie, we strive to make a remarkable impact on patients and drive sustainable growth by discovering and delivering a consistent stream of innovative medicines that address serious health problems. Our corporate responsibility commitments guide the ways in which we advance that vision.

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**PROXY STATEMENT SUMMARY**

**Commitment: Use our expertise to improve health**

Creating real health improvement is our mission. To be a leading healthcare innovator, we must attract, retain and support a diverse workforce and invest in their collaborative efforts to develop medicines that bring value for patients. Key 2018 advancements include:

Equality, diversity and inclusion:

We were again widely recognized for our leading diversity practices. In the United States, we were named a top 10 member of the Working Mother 100 Best Companies list and further recognized by DiversityInc and Fortune 100 Best Companies to Work For. AbbVie also received a perfect score on the Human Rights Campaign Corporate Equality Index. Globally, we were named to over 40 Great Place to Work and top employer lists.

We further enhanced our commitment to equality, diversity and inclusion by creating a dedicated vice president role to lead our efforts. 47% of our management positions globally are held by women, and a new global Women's Leadership Program will help women in management build the skills and perspectives needed to advance even further in the company. In the United States, 31% of our workforce is made up of historically underrepresented populations.

Each organization within AbbVie established new equality, diversity and inclusion plans to address identified areas of opportunity through talent attraction, acquisition, engagement, development and retention.

Innovative medicines that offer significant health benefit:

In 2018, we advanced the treatment of blood cancers with approval of our chemotherapy-free, fixed-duration treatment for relapsed and refractory chronic lymphocytic leukemia.

We also introduced the first FDA-approved oral treatment in over a decade for the management of moderate to severe pain associated with endometriosis, a condition impacting an estimated one in 10 women of reproductive age.

We provided over 80,000 U.S. patients free access to these and other AbbVie medicines through our patient assistance programs.

Addressing the health needs of the underserved:

In 2018, over 400 AbbVie scientists gave nearly 40,000 pro bono hours to conduct preclinical and clinical research on potential treatments for diseases that disproportionately affect developing countries, including onchocerciasis (river blindness), tuberculosis, and malaria.

We also announced a royalty-free licensing agreement with the Medicines Patent Pool (MPP) for our pan-genotypic hepatitis C virus (HCV) medicine, covering more than 90 low- and middle-income countries and territories. Through this agreement, AbbVie will grant licenses to World Health Organization prequalified generic manufacturers to manufacture and supply generic versions of the medicine, while maintaining the highest quality and production standards. AbbVie has a long history of working together with the community to ensure broad and long-term access to care for our virology medicines worldwide.



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**PROXY STATEMENT SUMMARY**

**Commitment: Steward our ethical and sustainable business**

To participate over the long-term in the provision of healthcare, we must earn and maintain the trust of patients, healthcare providers, regulators, policymakers and the public. Key 2018 advancements include:

Human rights and workplace safety:

In 2018, AbbVie was the Dow Jones Sustainability Index (DJSI) leader in occupational health and safety across the biotechnology and pharmaceutical industries. Overall, the Index ranked AbbVie #2 in the biotechnology sector, and once again named the company to the DJSI World and North America indices.

Environmental sustainability:

We made progress against our aggressive environmental targets in 2018. We expanded the proportion of our energy purchased from renewable sources and further reduced scope 1 and 2 carbon dioxide emissions.

Robust ethics and compliance program:

Each year, all of AbbVie's employees must read and certify adherence to our extensive AbbVie Code of Business Conduct, which sets forth our core guidelines and requirements for ethical behavior.

**Commitment: Support long-term community strength**

We support well-being, resilience and growth in our current markets and help lay the foundation for broader economic development using our unique resources.

In addition to our ongoing support for education and community programs, independent medical and patient education, and employee vitality and volunteerism, in 2018 AbbVie made an additional \$350 million in charitable contributions to support U.S. non-profit organizations making long-term impact on community strength.

Community resilience and economic growth:

For example, as a committed employer in Puerto Rico for nearly 50 years, AbbVie is supporting long-term efforts that will move the community from recovery to resilience in the wake of Hurricane Maria. With AbbVie donations of \$50 million each, Direct Relief will rebuild and strengthen the primary healthcare system, while Habitat for Humanity will repair and rebuild homes, making them better able to withstand future hurricanes.

As a technology innovator, we want to help narrow the educational gap for children in underserved areas. Our gifts of \$30 million to Communities In Schools, \$10 million to City Year and \$15 million to the University of Chicago Education Lab will grow programs focused on improving graduation rates, reducing dropout rates and increasing college and career readiness for children in kindergarten through grade 12 with an emphasis on those in high-poverty neighborhoods.

Public health and well-being:

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Sick children and their families often experience emotional and financial burdens. We are working with leading organizations that help alleviate those burdens so that families can focus on healing. Our donations totaling \$155 million: \$100 million to Ronald McDonald House Charities, \$50 million to St. Jude Children's Research Hospital and \$5 million to Family Reach, will help them expand services and create physical spaces that will improve health and well-being in a holistic way.

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## PROXY STATEMENT SUMMARY

We are partners in the global movement toward the elimination of HCV and actively support a wide range of efforts to help elevate HCV elimination on the global agenda. In 2018, we launched micro-elimination pilot projects in several countries, with the goal of demonstrating the impact of elimination among targeted geographies and populations, and identifying scalable elimination strategies.

The commitments discussed above are also aligned with global priorities as defined by the United Nations' Sustainable Development Goals (SDGs). We focus on the key aspects of these SDGs that relate most closely to our activities: Securing Good Health & Well-Being (SDG 3), Quality Education (SDG 4), Gender Equality (SDG 5), Decent Work & Economic Growth (SDG 8), Responsible Production and Consumption (SDG 12), and Climate Action (SDG 13).

For more information about our corporate responsibility efforts, please visit [abbvie.com/responsibility](http://abbvie.com/responsibility).

### Executive Compensation Highlights

AbbVie's board of directors believes a well-designed compensation program should align executive interests with the drivers of stockholder returns and profitable growth, support achievement of the company's primary business goals, and attract and retain world-class executives whose talents and contributions sustain the growth in long-term stockholder value. Consequently, the compensation committee of the board has designed and implemented an executive compensation program in which a substantial majority of named executive officer (NEO) compensation at AbbVie is performance-based.

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.

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.



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**Who Can Vote**

Stockholders of record at the close of business on March 8, 2019 will be entitled to notice of and to vote at the Annual Meeting. As of March 8, 2019, AbbVie had [ ] 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 2019. 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 at 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 in person at 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 three 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 three 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.



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**INFORMATION ABOUT THE ANNUAL MEETING**

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 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 \$15,000 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 The Northern Trust Company. The members of the investment committee are William H.S. Preece, Tabetha A. Skarbek 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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The board of directors consists of three classes currently comprised of three directors in Class I and four directors in Classes II and 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 2022 annual meeting of stockholders and until their successors are elected and qualified or until their earlier death or resignation.

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 2018 Annual Report on Form 10-K. All of the nominees are currently serving as directors.

## Class I Directors Whose Terms Expire in 2019

### William H.L. Burnside

#### *Retired Senior Vice President and Director at The Boston Consulting Group*

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.

#### Committees:

Audit  
Nominations &  
Governance

Director since: 2013

Age: 67

### Brett J. Hart

#### *Executive Vice President, Chief Administrative Officer and General Counsel, United Continental Holdings, Inc.*

Mr. Hart is the executive vice president, chief administrative officer and general counsel of United Continental Holdings, Inc. (UAL) and United Airlines, Inc., a position he has held since May 2017. He served 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.

Committees:  
Nominations &  
Governance  
Public Policy

**Key Contributions to the Board:** As an 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

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**Director since: 2016**  
**Age: 49**

and strategic acumen with expertise in risk management, legal strategic matters, government and regulatory affairs, customer and external facing matters, corporate governance, and compliance.

**INFORMATION CONCERNING DIRECTOR NOMINEES**

**Edward J. Rapp**

*Retired Group President for Resource Industries of Caterpillar Inc.*

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 is currently a member of the University of Missouri College of Business Strategic Development Board. Mr. Rapp previously served as a director of FM Global.

**Committees:**  
Audit  
Public Policy

**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.

**Director since: 2013**  
**Age: 61**

**Class II Directors Whose Terms Expire in 2020**

**Robert J. Alpern, M.D.**

*Ensign Professor of Medicine, Professor of Internal Medicine, and Dean of Yale School of Medicine*

Dr. Alpern has served as the Ensign Professor of Medicine, Professor of Internal Medicine, and Dean of Yale School of Medicine since June 2004. From July 1998 to June 2004, Dr. Alpern was the Dean of The University of Texas Southwestern Medical Center. Dr. Alpern also serves as a director of Abbott Laboratories, Tricida, Inc. and Yale-New Haven Hospital.

**Committees:**  
Nominations &  
Governance  
Public Policy

**Key Contributions to the Board:** As the Ensign Professor of Medicine, Professor of Internal Medicine, and Dean of Yale School of Medicine, Dean of The University of Texas Southwestern Medical Center, and as a director 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.

**Director since: 2013**  
**Age: 68**

**Edward M. Liddy**

*Retired Chairman & CEO, The Allstate Corporation*

Mr. Liddy served as a partner in the private equity investment firm Clayton, Dubilier & Rice, LLC from January 2010 to December 2015. At the request of the Secretary of the U.S. Department of the Treasury, Mr. Liddy served as interim chairman and chief executive officer of American International Group, Inc. (AIG), a global insurance and financial services holding company, from September 2008 to August 2009. From January 1999 to April 2008, Mr. Liddy served as chairman of the board of The Allstate Corporation (insurance). He served as chief executive officer of Allstate from January 1999 to December 2006, president from January 1995 to May 2005, and chief operating officer from August 1994 to January 1999. Mr. Liddy currently serves on the board of directors of Abbott Laboratories, 3M Company, and The Boeing Company.

**Committees:**  
Compensation

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Public Policy

**Director since: 2013**  
**Age: 73**

**Key Contributions to the Board:** Mr. Liddy's executive leadership at Allstate and AIG and his board service at several Fortune 100 companies enable him to provide our board with valuable insights on corporate strategy, risk management, corporate governance and other issues facing large, global enterprises. Additionally, as a former chief financial officer, audit committee chair at Goldman Sachs and 3M, and a private equity firm partner, Mr. Liddy provides our board with significant knowledge and understanding of corporate finance, capital markets, financial reporting and accounting matters.

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**INFORMATION CONCERNING DIRECTOR NOMINEES**

**Melody B. Meyer**

*President of Melody Meyer Energy, LLC*

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 National Oilwell Varco, Inc.

**Committees:**

Audit  
Public Policy

**Director since: 2017**

**Age: 61**

**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.

**Frederick H. Waddell**

*Former Chairman of the Board and Chief Executive Officer of Northern Trust Corporation and The Northern Trust Company*

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.

**Committees:**

Audit  
Compensation

**Director since: 2013**

**Age: 65**

**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 2021**

**Roxanne S. Austin**

*President, Austin Investment Advisors*

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, Target Corporation, and Teledyne Technologies, Inc. Ms. Austin also served as a director of Telefonaktiebolaget LM Ericsson from 2008 to 2016.

**Committees:**

Audit  
Compensation

**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.

Director since: 2013  
Age: 58

**INFORMATION CONCERNING DIRECTOR NOMINEES****Richard A. Gonzalez***Chairman of the Board and Chief Executive Officer, AbbVie Inc.*

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 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.

**Director since: 2013**  
**Age: 65**

**Key Contributions to the Board:** As a result of his service as Abbott's executive vice president, Pharmaceutical Products Group, his previous service as Abbott's president and chief operating officer and his more than 30-year career at Abbott, Mr. Gonzalez has developed valuable business, management and leadership experience, as well as extensive knowledge of AbbVie and its global operations. Mr. Gonzalez's experience and knowledge enable him to contribute to AbbVie's board key insights into strategic, management, and operational matters.

**Rebecca B. Roberts***Retired President of Chevron Pipe Line Company*

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.

**Committees:**  
 Nominations &  
 Governance  
 Public Policy

**Director since: 2018**  
**Age: 66**

**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.

**INFORMATION CONCERNING DIRECTOR NOMINEES****Glenn F. Tilton***Retired Chairman and Chief Executive Officer of the UAL Corporation*

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.

**Committees:**  
Compensation  
Nominations &  
Governance

**Lead Independent  
Director**

**Director since: 2013  
Age: 70**

**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.

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## **The Board of Directors**

The board of directors held nine meetings in 2018. All directors attended one-hundred percent of the board and committee meetings in 2018. AbbVie encourages its board members to attend the annual stockholder meeting. All of AbbVie's directors attended the 2018 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. 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. For more details about committee responsibilities and oversight, please see the committee discussion on pages 19-21.

The board also 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.

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.

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**THE BOARD OF DIRECTORS AND ITS COMMITTEES**

The lead independent director responsibilities include:

1. 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;
2. reviews and approves matters, such as agenda items, schedule sufficiency, and, where appropriate, information provided to other board members;
3. serves as the liaison between the chairman of the board and the independent directors;
4. has the authority to call meetings of the independent directors;
5. leads the board's evaluation of the CEO;
6. leads the annual board and committee evaluation process, including discussing evaluations with each director individually;
7. encourages effective director participation by fostering an environment of open dialogue and constructive feedback among independent directors;
8. if requested by major stockholders, ensures that he or she is available for consultation and direct communication as needed;
9. if required, represents independent board members externally; and
10. 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 self-evaluations to determine whether they are functioning effectively. The full board, led by the lead independent director, discusses the evaluation reports to determine what, if any, action should be undertaken to improve the board and its committees.

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.



Table of Contents**THE BOARD OF DIRECTORS AND ITS COMMITTEES**

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 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.

### Director Skills, Knowledge and Experience Matrix

	<b>Healthcare Industry</b>	<b>Leadership</b>	<b>Global Business and Strategy</b>	<b>Corporate Governance and Public Company Board</b>	<b>Finance or Accounting</b>	<b>Government Relations and Regulatory</b>
Dr. Alpern	ü	ü	ü	ü		ü
Ms. Austin	ü	ü	ü	ü	ü	ü
Mr. Gonzalez	ü	ü	ü	ü	ü	ü
Mr. Burnside		ü	ü	ü	ü	ü
Mr. Hart		ü	ü	ü		ü
Mr. Liddy	ü	ü	ü	ü	ü	ü
Ms. Meyer		ü	ü		ü	ü
Mr. Rapp		ü	ü		ü	ü
Ms. Roberts		ü	ü	ü		ü
Mr. Tilton	ü	ü	ü	ü	ü	ü
Mr. Waddell		ü	ü	ü	ü	ü



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**THE BOARD OF DIRECTORS AND ITS COMMITTEES**

**Board Diversity**

AbbVie is committed to diversity in its workforce and on its board of directors. In the process of identifying nominees to serve as a member of the board of directors, the nominations and governance committee considers the board's diversity of ethnicity, gender, age, and geography and assesses the effectiveness of the process in achieving that diversity. More details about our workforce diversity are available in the "Corporate Responsibility Highlights" section of this proxy statement.

**Committees of the Board of Directors**

The board of directors has five committees established in AbbVie's By-Laws: the audit committee, compensation committee, nominations and governance committee, public policy committee, and executive committee. Each of the members of the audit committee, compensation committee, nominations and governance committee, and public policy committee is independent. Mr. Tilton serves as AbbVie's lead independent director.

	<b>Audit Committee</b>	<b>Compensation Committee</b>	<b>Nominations and Governance Committee</b>	<b>Public Policy Committee</b>
R. Alpern				
R. Austin				
W. Burnside				
B. Hart				
E. Liddy				
M. Meyer				
E. Rapp				
R. Roberts				
G. Tilton				

F. Waddell

Number of meetings	6	4	4	4
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	Lead Director	Chairperson	Member	Financial Expert
<b>Audit Committee</b>				

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. Each of the members of the audit committee is

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**THE BOARD OF DIRECTORS AND ITS COMMITTEES**

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 Ms. Austin, the committee's chairperson, is an "audit committee financial expert."

**Compensation Committee**

The compensation committee is governed by a written charter. 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 2018.

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.

**Nominations and Governance Committee**

The nominations and governance committee is governed by a written charter. 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 16-17. From time to time, AbbVie engages an executive search firm to assist the committee in identifying individuals qualified to be board members.



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**THE BOARD OF DIRECTORS AND ITS COMMITTEES**

**Public Policy Committee**

The public policy committee is governed by a written charter. 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, and social responsibility 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. 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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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 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' 2018 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	\$107,917	\$189,947	\$0	\$27,741	\$25,000	\$350,605
R. Austin	132,917	189,947	0	0	5,565	328,429
W. Burnside	113,917	189,947	0	0	25,000	328,864
B. Hart	107,917	189,947	0	0	25,000	322,864
E. Liddy	127,917	189,947	0	0	0	317,864
M. Meyer	113,917	189,947	0	0	25,000	328,864
E. Rapp	133,917	189,947	0	0	25,000	348,864
R. Roberts	64,167	189,947	0	0	25,000	279,114
G. Tilton	152,917	189,947	0	0	26,463	369,327
F. Waddell	113,917	189,947	0	0	25,000	328,864

(1)

Under the Non-Employee Directors' Fee Plan as in effect until the 2018 annual meeting of stockholders, non-employee directors earned \$105,000 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 \$25,000 per year for service in that role. The Non-Employee Directors' Fee Plan was amended, effective as of the 2018 annual meeting of stockholders, to change the annual non-employee director fee to \$110,000 based on the recommendation of the compensation committee's independent compensation consultant following review of AbbVie's Health Care Peer Group market practices and trends. 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



Table of Contents**DIRECTOR COMPENSATION**

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 2018, 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 at the 2018 annual stockholder meeting received under the AbbVie 2013 Incentive Stock Program vested restricted stock units with a target grant date value of \$190,000. In 2018, this equated to 1,899 restricted stock units (after rounding the award down to the nearest whole unit), with a reportable value of \$189,947. 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, 2018: R. Alpern, 23,688; R. Austin, 31,351; W. Burnside, 15,129; B. Hart, 7,643; E. Liddy, 19,115; M. Meyer, 4,669; E. Rapp, 15,129; R. Roberts, 1,899; G. Tilton, 27,335; and F. Waddell, 15,129. 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, 2018.

(4)

The totals in this column include reportable interest credited under the AbbVie Non-Employee Directors' Fee Plan during 2018.

(5)

Charitable contributions made by AbbVie's non-employee directors are eligible for a matching contribution (up to \$25,000 annually). For 2018 contributions, the AbbVie Foundation made charitable matching contributions on behalf of the following AbbVie directors: R. Alpern, \$25,000; W. Burnside, \$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.

Table of Contents**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, 2019, 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, director nominees 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 <sup>(1)(2)(3)</sup>	Stock Options Exercisable within 60 days of January 31, 2019	Stock Equivalent Units
R. Gonzalez	290,854	580,904	0
R. Alpern	23,688	0	6,222
R. Austin	38,195	0	0
W. Burnside	15,129	0	0
B. Hart	7,643	0	0
E. Liddy	20,250	0	21,768
M. Meyer	4,669	0	0
E. Rapp	20,743	0	14,296
R. Roberts	1,899	0	0
G. Tilton	40,085	0	30,293
F. Waddell	17,129	0	0
W. Chase	105,364	516,353	0
R. Michael	6,876	20,430	0
L. Schumacher	134,322	263,683	0
C. Alban	137,994	457,803	0
M. Severino	82,281	352,952	0
All directors and executive officers as a group <sup>(4)</sup>	1,116,294	2,908,161	72,579

- (1) The table includes shares held in the executive officers' accounts in the AbbVie Savings Plan as follows: all executive officers as a group, 3,942. 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, 7,615; G. Tilton, 350; W. Chase, 501; C. Alban, 40,442; and all directors and executive officers as a group, 53,034.
- (4) The directors and executive officers as a group own less than one percent of the outstanding shares of AbbVie.



Table of Contents**SECURITIES OWNERSHIP****Securities Ownership of Principal Stockholders**

The table below reports the number of shares of AbbVie common stock beneficially owned as of December 31, 2018 by Capital Research Global Investors, BlackRock, Inc. and The Vanguard Group (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 Capital Research Global Investors and The Vanguard Group on February 14, 2019 and by BlackRock, Inc. on February 4, 2019. Capital Research Global Investors reported that it had sole voting power with respect to 173,568,243 shares, shared voting power with respect to 0 shares, sole dispositive power with respect to 173,568,243 shares and shared dispositive power with respect to 0 shares. The Vanguard Group reported that it had sole voting power with respect to 1,864,360 shares, shared voting power with respect to 346,076 shares, sole dispositive power with respect to 118,412,949 shares and shared dispositive power with respect to 2,170,476 shares. BlackRock, Inc. reported that it had sole voting power with respect to 82,367,981 shares, shared voting power with respect to 0 shares, sole dispositive power with respect to 95,788,899 shares and shared dispositive power with respect to 0 shares.

<b>Name and Address of Beneficial Owner</b>	<b>Shares Beneficially Owned</b>	<b>Percent of Class</b>
Capital Research Global Investors 333 South Hope Street Los Angeles, CA 90071	173,568,243	11.5%
The Vanguard Group 100 Vanguard Boulevard Malvern, PA 19355	120,583,425	8.0%
BlackRock, Inc. 55 East 52nd Street New York, NY 10055	95,788,899	6.4%

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**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:

<b>Richard A. Gonzalez</b>	Chairman of the Board and Chief Executive Officer
<b>William J. Chase</b>	Executive Vice President, Finance and Administration
<b>Robert A. Michael</b>	Senior Vice President, Chief Financial Officer
<b>Laura J. Schumacher</b>	Vice Chairman, External Affairs and Chief Legal Officer
<b>Carlos Alban</b>	Vice Chairman, Chief Commercial Officer
<b>Michael E. Severino</b>	Vice Chairman and President

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.

**CD&A Table of Contents**

The CD&A is organized as follows:

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**EXECUTIVE COMPENSATION**

**I. Executive Summary**

*Compensation Philosophy*

At AbbVie, the board of directors and management believe a well-designed compensation program should 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, and attract and retain world-class executives whose talents and contributions sustain the growth in long-term stockholder value. The board believes it has implemented a compensation program that appropriately balances short- and long-term strategic objectives and directly links compensation to stockholder value with more than three-fourths of the total direct compensation paid to NEOs tied to performance.

*Business Overview*

AbbVie's products are focused on treating conditions such as chronic autoimmune diseases in rheumatology, gastroenterology and dermatology; oncology, including blood cancers; virology, including hepatitis C virus and human immunodeficiency virus; neurological disorders, such as Parkinson's disease; metabolic diseases, including thyroid disease and complications associated with cystic fibrosis; pain associated with endometriosis; as well as other serious health conditions. AbbVie's pipeline includes more than 60 compounds or indications in development across important medical specialties such as immunology, oncology and neuroscience, with additional targeted investment in cystic fibrosis and women's health.

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## **EXECUTIVE COMPENSATION**

### *Business Performance Highlights*

**AbbVie has Delivered Robust Financial Results since Inception**

**The measures set forth above were calculated as of December 31, 2018.**

\*

## Edgar Filing: AbbVie Inc. - Form PRE 14A

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.

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 quartile of its Health Care Peer Group. Additionally, AbbVie is committed to a robust return of capital to stockholders with an increase of 168% 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 235.2% also places AbbVie at the top of its Health Care Peer Group, and more than 136 percentage points above the Standard & Poor's 500 Index and more than 152 percentage points above the NYSE Arca Pharmaceutical Index over the same time period.

## EXECUTIVE COMPENSATION

### AbbVie also Delivered Strong Business Performance in 2018

AbbVie has built a strong foundation for its business and 2018 was an exceptional year, as evidenced by a number of business highlights:

**Net Revenues:** AbbVie reported full-year net revenues of \$32.8 billion on a GAAP basis and adjusted net revenues of \$32.7 billion, an increase of 15.2% over 2017, excluding the impact of foreign exchange. This places AbbVie at the top of its Health Care Peer Group.

**HUMIRA:** AbbVie delivered global HUMIRA sales of \$19.9 billion, an increase of 8.2% on a reported basis, or 7.4% excluding the impact of foreign exchange. HUMIRA'S performance was driven by continued market penetration across therapeutic categories and geographies.

**IMBRUVICA:** Global IMBRUVICA net revenue was \$3.6 billion, an increase of 39.5%, driven by market share growth in front-line chronic lymphocytic leukemia (CLL) and other approved indications.

**Gross and Operating Margins:** In 2018, AbbVie reported a gross margin of 76.4% on a GAAP basis or 80.6% of net revenues on an adjusted basis. AbbVie's operating margin was 19.5% on a GAAP basis or 44.6% of net revenues on an adjusted basis.

**Earnings Per Share:** AbbVie reported full-year diluted EPS of \$3.66 on a GAAP basis and adjusted diluted EPS of \$7.91, up 41.3%. This reflects growth in the very top tier of AbbVie's Health Care Peer Group. For 2019, AbbVie provided a diluted EPS guidance range of \$7.39 to \$7.49 on a GAAP basis and \$8.65 to \$8.75 on an adjusted basis. The midpoint of the adjusted guidance represents growth of 10% over 2018, 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 VENCLEXTA in combination with RITUXAN (rituximab) in relapsed/refractory chronic lymphocytic leukemia (CLL); conditional approval for VENCLEXTA in combination with azacitidine or decitabine or low-dose cytarabine in newly diagnosed acute myeloid leukemia patients ineligible for intensive chemotherapy; IMBRUVICA in combination with rituximab as the first chemotherapy-free combination treatment for Waldenstrom macroglobulinemia; and ORILISSA for the management of moderate to severe pain associated with endometriosis.

**Pipeline Development:** With more than 30 programs in mid- and late-stage development, AbbVie made significant pipeline advancements in 2018. AbbVie announced data from nearly a dozen pivotal trials, initiated a number of important phase transitions across our key development programs and made multiple regulatory submissions. AbbVie completed registrational studies and submitted regulatory applications for the company's next-generation immunology assets, upadacitinib and risankizumab, in rheumatoid arthritis and psoriasis, respectively. In addition, the company initiated several Phase 3 programs for these assets including studies for upadacitinib in atopic dermatitis and ulcerative colitis, as well as risankizumab in Crohn's disease. AbbVie reported positive data from Phase 3 studies in other areas of the pipeline including ELAGOLIX in uterine fibroids, VENCLEXTA in front-line CLL, and results from several trials evaluating IMBRUVICA in front-line CLL.



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## **EXECUTIVE COMPENSATION**

The graphs below illustrate AbbVie's growth of net revenue and diluted EPS in 2018 versus 2017.

\* Net revenues and diluted earnings per share are adjusted for specified items and are non-GAAP measures, which are reconciled in Appendix B.

### **Performance Relative to Peer Group**

AbbVie is in the top tier of its peers on several financial measures. The chart below outlines AbbVie's performance relative to its Health Care Peer Group in 2018.



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## **EXECUTIVE COMPENSATION**

In addition, AbbVie has delivered industry-leading performance over the longer term, as demonstrated in the chart below reflecting the company's five-year performance relative to its Health Care Peer Group.

*2019 Proxy Statement* |

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## EXECUTIVE COMPENSATION

### Total Stockholder Return (TSR) Performance

Since becoming a public company in 2013, AbbVie has delivered a total stockholder return of 235.2%, which places AbbVie at the top 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, 2018. 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

AbbVie's TSR for calendar year 2018 was 1.0%, which did not reflect the company's top tier operational and financial performance. As the chart above indicates, despite this 1-year result AbbVie's returns since launch significantly exceed industry comparisons.

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## **EXECUTIVE COMPENSATION**

### *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.

The 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.

### *2018 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 2018 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.

Table of Contents**EXECUTIVE COMPENSATION****Financial Goals**

Goal and Expected Result <sup>(1)</sup>	2017 Actual	2018 Target	2018 Target vs.		2018 Actual vs. 2018 Target
			2017 Actual	2018 Actual	
A. Non-GAAP Net Revenues	A. \$28.1BN <sup>(2)</sup>	\$31.5BN	112%	\$32.3BN <sup>(2)</sup>	103%
B. Non-GAAP Income Before Taxes	B. \$11.2BN <sup>(2)</sup>	\$13.0BN	116%	\$13.3BN <sup>(2)</sup>	102%
C. Adjusted Return on Assets	C. 17.0%	20.9%	123%	23.9%	114%
D. Non-GAAP Operating Margin	D. \$12.1BN <sup>(2)</sup>	\$14.0BN	116%	\$14.4BN <sup>(2)</sup>	103%
E. HUMIRA Sales	E. \$18.3BN <sup>(2)</sup>	\$20.1BN	110%	\$19.7BN <sup>(2)</sup>	98%

(1) Results achieved reflect certain specified items, which are reconciled in Appendix B.

(2) Evaluated on a constant currency basis.

In addition to the financial goals set forth above, each of our NEOs also has individual performance goals that the committee reviews and ensures are appropriately rigorous and in line with the long-term success of the company. Each NEO achieved or exceeded his or her 2018 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.

**William J. Chase:** Achieve proprietary pharmaceutical pipeline enhancement objectives; and provide support on corporate strategic initiatives and build shareholder value through investor activities.

**Robert A. Michael:** Implement key financing and cash flow improvement initiatives; achieve financial planning and month end close optimization and standardization; develop and assess future state Finance Services operating models (goals reflect Vice President, Controller position).

**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.

**Carlos Alban:** Achieve key product milestones; and successfully adapt and execute market strategies relative to external considerations.

**Michael E. Severino:** Achieve key research and development milestones per company strategy; and achieve proprietary pipeline enhancement objectives.

*Stockholder Engagement*

**2018 Say on Pay Results**

At our 2018 Annual Meeting, the say on pay proposal received support from 95% of our stockholders. The board and compensation committee are encouraged by the continued, consistent stockholder support for our executive compensation program.

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**EXECUTIVE COMPENSATION**

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 2018 AbbVie approached and engaged stockholders holding approximately 45% 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 of 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 program.

*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:

ii

**Long-term incentive design emphasizing multiple, relative performance metrics and multi-year performance periods**

**Uses a multi-factor model for performance metrics**

**Incorporates relative total stockholder return**

**Dividends on outstanding equity awards are paid only at vesting and only on earned shares**

ii

**Majority of NEO compensation tied to long-term performance**

ii

**Short- and long-term incentive programs closely align pay with performance**

ii

**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)**

ii

**Robust stock ownership guidelines of 6x salary for CEO and 3x salary for NEOs**

ii

**Robust stock ownership guideline of 5x annual fees for non-employee directors**

ii

**NEOs must hold and not sell equity until the minimum stock ownership requirement is satisfied**

ii

**Double-trigger requirements for equity acceleration and other benefits in the event of a change in control**

ii

**No tax gross-ups in executive compensation program**

ü

**No duplication of performance metrics in short-and long-term incentives**

ü

**No repricing of stock options without express stockholder approval**

ü

**No employment contracts**

ü

**No guaranteed short-term incentives or equity awards**

ü

**Equitable pay across genders and ethnicities**

ü

**Anti-hedging and anti-pledging policies**

ü

**Independent compensation consultant that performs no other work for the company**

ü

**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**

ü

**Proactive stockholder engagement process**

## **II. 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. The elimination of the performance-based compensation deduction under Code Section 162(m) has not altered the commitment of the company and the compensation committee to performance-based compensation principles. A discussion of the decision-making criteria for each pay component follows.

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**EXECUTIVE COMPENSATION**

*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 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. The committee, in collaboration with its independent compensation consultant, identified no material risks in AbbVie's compensation programs in 2018.



Table of Contents**EXECUTIVE COMPENSATION****III. 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.

NEO target incentive amounts are set as a percentage of base salary. Mr. Gonzalez's target is 150% of base salary. For the 2018 performance year, the target for the other NEOs (besides Mr. Michael) was 110% of base salary, based on the positions they held at the time their performance goals were established. Mr. Michael's target was set at 100% when he was appointed Senior Vice President, Chief Financial Officer. 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



Table of Contents**EXECUTIVE COMPENSATION**

operating margin 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 2018 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, HUMIRA Sales and Return on Assets	R&D/ Innovation	Business Development	Other
Richard A. Gonzalez	20%	60%	20%		
William J. Chase	20%	60%		10%	10%
Robert A. Michael	40%	20%			40%
Laura J. Schumacher	20%	20%	30%	10%	20%
Carlos Alban	20%	50%			30%
Michael E. Severino	20%	20%	50%	10%	

Assessments of performance against financial results consider the effect of specified adjustments and/or unusual or unpredictable events, and the appropriateness of these adjustments is reviewed annually by the committee. In 2018, specified adjustments consisted of intangible asset amortization, milestones and other research and development expenses, acquired in process research and development, acquisition-related impairment, charitable contributions, change in fair value of contingent consideration, litigation reserves, tax-related items, and other items, as described in Exhibit 99.1 to AbbVie's Form 8-K filed on January 25, 2019.

**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 operating margin performance. For 2018, actual net revenue performance was 103% compared to target,



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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.

<b>Annual Incentive Payout Matrix</b>	<b>2017 Actual</b>	<b>2018 Target</b>	<b>2018 Target vs. 2017 Actual</b>	<b>2018 Actual</b>	<b>2018 Actual vs. 2018 Target</b>
Net Revenues	\$28.1BN	\$31.5BN	112%	\$32.3BN	103%
Income Before Taxes	\$11.2BN	\$13.0BN	116%	\$13.3BN	102%

**2018 Payout Matrix Result**  
**Capped at 175% of target**  
**(below 200% plan maximum)**

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.

	<b>Target Award</b>	<b>Actual Award Paid</b>	<b>Actual Award as a % of Target</b>
Richard A. Gonzalez	\$ 2,475,000	\$3,898,125	158%
William J. Chase	1,150,380	1,954,549	170%
Robert A. Michael	850,000	950,000	112%
Laura J. Schumacher	1,150,380	1,954,549	170%
Carlos Alban	1,130,800	1,836,219	162%
Michael E. Severino	1,226,500	1,818,200	148%

Table of Contents**EXECUTIVE COMPENSATION***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 2018, 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 Equity	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 150% of target in one-third increments during a three-year performance period based on AbbVie's return on equity 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 2018 annual grant awards of performance shares and performance-vested restricted stock are shown below. Total shareholder 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 Relative TSR	\$7.33	\$7.38	\$7.53	\$7.91	200%

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Relative TSR is measured over a 3-year performance period and used as a modifier

50 <sup>th</sup> - 75 <sup>th</sup>	75 <sup>th</sup> - 90 <sup>th</sup>	>90 <sup>th</sup>	>90 <sup>th</sup>	150%
percentile	percentile	percentile	percentile	

Relative ROE

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 2018 annual grant was \$114.36. The high, low and closing prices of an

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AbbVie common share on the grant date (February 15, 2018) were \$116.33, \$112.38, and \$114.90 respectively. All LTI awards are subject to a minimum vesting period of 12 months.

AbbVie granted performance shares in 2016 that were subject to a 3-year performance cycle that ended December 31, 2018. The table below describes the performance objectives, outcomes, and shares earned.

<b>Performance Objective</b>	<b>Threshold</b>	<b>Target</b>	<b>Maximum</b>	<b>Actual</b>	<b>Performance Modifier</b>
Relative TSR	15 pts below index	Equal to index performance	15 pts above index	60.3 pts above index	125%

See the 2018 Option Exercises and Stock Vested table for the shares earned as a result of the performance described above.

*2019 Compensation Decisions*

The compensation committee's typical practice is to make decisions related to NEO pay at its February meeting, including adjustments to base salary, an annual incentive payment for the prior year's performance, and establishment of a long-term incentive award value. In making its decisions, the committee considers the performance achieved compared to previously established goals as well as changes in industry practice reflected in compensation benchmarking data. The committee made the following decisions about the compensation for Mr. Gonzalez in February 2019: (i) his base salary is unchanged compared to 2018; (ii) his annual incentive payment for 2018 performance was \$3,898,125; and (iii) his 2019 long-term incentive award grant value was \$11,500,000. The resulting changes in total direct compensation from 2018 to 2019 are shown in the following chart:

\*

The annual incentives shown in the table above are included in the year such awards were paid for the prior year's performance.

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*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**

All eligible U.S. employees, including NEOs, 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**

All U.S. employees, including NEOs, are eligible 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. 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.



Table of Contents**EXECUTIVE COMPENSATION****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 60 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."

**IV. 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
William J. Chase	3x Base Salary	Yes
Robert A. Michael	3x Base Salary	Yes

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Laura J. Schumacher  
Carlos Alban  
Michael E. Severino

3x Base Salary	Yes
3x Base Salary	Yes
3x Base Salary	Yes

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## **EXECUTIVE COMPENSATION**

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](http://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 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.

## **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*

E. Liddy, Chairman, R. Austin, G. Tilton, and F. Waddell

## **Compensation Risk Assessment**

During 2018, 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



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**EXECUTIVE COMPENSATION**

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:

In 2018, AbbVie completed a review that found salaries to be 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 2018, 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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**EXECUTIVE COMPENSATION**

**Summary Compensation Table**

This section contains compensation information for AbbVie's NEOs for the fiscal year ended December 31, 2018. The following table summarizes compensation awarded to, earned by and/or paid to AbbVie's NEOs in connection with their service to AbbVie during 2018, 2017 and 2016, as applicable. Mr. Michael was not an NEO before 2018. 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 (\$)	Award Compensation (\$)(1)	Non-Equity Incentive Compensation (\$)(2)	Change in Pension Value and Non-Equity Incentive Compensation (\$)(3)	Deferred Compensation (\$)(4)	All Other Compensation (\$)(5)	Total (\$)(6)
Richard A. Gonzalez Chairman of the Board and Chief Executive Officer	2018	1,000,000	1,500,000	1,960,564	898,123	163,200	92,627	1,869	2,524,376
William J. Chase Executive Vice President, Finance and Administration(7)	2018	384,599	1,720	54,549	909,063	296,887	24,786	526,300	2,924,593
Robert A. Michael Senior Vice President, Chief Financial Officer(7)	2017	369,483	982,456	26,000	697,232	62,883	1,376	205,833	2,318,888
Laura J. Schumacher Vice Chairman, External Affairs and Chief Legal Officer	2018	358,241	4,599	1,720	54,549	739,965	18,788	1,159	2,979,356
Carlos Alban Vice Chairman, Chief Commercial Officer	2018	369,286	483,566	26,000	627,686	94,828	7,699	83,079	2,977,988
Michael E. Severino Vice Chairman and President	2018	460,359	1,002,103	18,200	59,057	151,850	7,359	4,460	2,960,963

(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)

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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 2018, along with the weighted-average grant date fair value, are shown below:

### Assumption

Risk-free interest rate	2.67%
Average life of options (years)	5.4
Volatility	27.79%
Dividend yield	3.74%
Fair value per stock option	\$21.63

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(3) The compensation reported in this column for 2018 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 2018, 2017 and 2016, 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: \$(111,651) / \$(38,501) / \$(70,521); W. Chase: \$(48,439) / \$234,110 / \$74,428; R. Michael: \$(46,048); L. Schumacher: \$72,009 / \$170,782 / \$86,510; C. Alban: \$(33,817) / \$296,728 / \$98,476; and M. Severino: \$11,833 / \$37,394 / \$22,663.

*AbbVie Supplemental Pension Plan*

R. Gonzalez: \$(1,790,327) / \$3,157,627 / \$3,016,444; W. Chase: \$(65,476) / \$3,759,943 / \$1,463,791; R. Michael: \$725,580; L. Schumacher: \$2,027,233 / \$2,244,142 / \$1,093,415; C. Alban: \$432,490 / \$4,195,321 / \$1,520,208; and M. Severino: \$210,855 / \$535,907 / \$306,868.

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: \$463,205 / \$377,578 / \$286,608; W. Chase: \$309,063 / \$229,247 / \$159,013; L. Schumacher: \$640,727 / \$542,582 / \$447,761; C. Alban: \$423,257 / \$340,900 / \$265,628; and M. Severino: \$136,369 / \$80,281 / \$45,549.

(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 2018, 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 2018 was 4.62% for the Pension Plan and 4.58% for the Supplemental Pension Plan. The discount rate used for 2017 was

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3.91% for the Pension Plan and 3.87% for the Supplemental Pension Plan, while the discount rate used for 2016 was 4.67% for the Pension Plan and 4.59% 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 2018, 2017, and 2016, respectively, as applicable.

### *Earnings for Non-Qualified Defined Benefit and Non-Qualified Defined Contribution Plans*

R. Gonzalez: \$246,041 / \$159,056 / \$149,512; W. Chase: \$180,182 / \$109,261 / \$84,680; L. Schumacher: \$420,337 / \$304,784 / \$310,138; C. Alban: \$266,141 / \$182,139 / \$173,948; and M. Severino: \$66,157 / \$34,853 / \$20,104.

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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: \$82,500 / \$81,923 / \$80,000; W. Chase: \$51,939 / \$50,426 / \$48,968; R. Michael: \$13,750; L. Schumacher: \$52,179 / \$50,426 / \$48,968; C. Alban: \$50,826 / \$47,373 / \$46,004; and M. Severino: \$55,030 / \$50,223 / \$48,048.

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 2018 Compensation*

The totals shown in the table include the cost of providing a corporate automobile less the amount reimbursed by the NEO: R. Gonzalez: \$21,030; W. Chase: \$22,022; R. Michael: \$17,687; L. Schumacher: \$19,803; C. Alban: \$14,833; and M. Severino: \$20,167. 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 other than Mr. Michael, whose 2018 allowance was \$6,500. 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: R. Gonzalez: \$598,447; W. Chase: \$31,945; and L. Schumacher: \$16,426. 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.

For Mr. Gonzalez, the total includes \$32,666 for costs associated with security, determined based on AbbVie's actual costs for such services. The security was provided on the recommendation of an independent security study and in accordance with the AbbVie security program. AbbVie imputes income to Mr. Gonzalez, if required, and he 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 60 of this proxy statement.

(7)

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Mr. Chase was appointed Executive Vice President, Finance and Administration, and Mr. Michael was appointed Senior Vice President, Chief Financial Officer, effective October 19, 2018. Mr. Chase served as Executive Vice President, Chief Financial Officer before assuming his current role. Mr. Michael served as Vice President, Controller before assuming his current role.

### *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 2018, as reported in the Summary Compensation Table in this proxy statement, to the median employee annual total compensation determined on the same basis was 143:1. For 2018, the annual total compensation of our median employee (other than Mr. Gonzalez) was \$148,823. To identify the median employee, we prepared a list of all active AbbVie employees throughout the world as of December 28, 2018. The consistently applied compensation measure used to identify the median employee was annual base pay and target

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bonus, using hours worked during 2018 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 in accordance with SEC guidance, taking into account demographic characteristics that best represent a typical AbbVie employee, including tenure, location, employment status and applicable compensation and benefit programs.

**2018 Grants of Plan-Based Awards**

The following table summarizes the equity awards granted under the AbbVie 2013 Incentive Stock Program to the NEOs during 2018.

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards(1)	Estimated Future Payouts Under Equity Incentive Plan Awards(1)	All Other Awards(2)	Exercise or Price of Underlying Securities	Grant Date	Fair Market Value of Stock and Option Awards
	Date	(\$)	(\$)	(#)	(\$/Sh)	Date	Awards
R. Gonzalez	2/15/2018	47,210 <sub>(2)</sub>					\$6,110,390 <sub>(4)</sub>
	2/15/2018	47,210 <sub>(3)</sub>					5,398,700 <sub>(4)</sub>
W. Chase	2/15/2018		127,610 <sub>(5)</sub>		\$114.36	11/4/14	2,960,764 <sub>(6)</sub>
	2/15/2018	16,960 <sub>(2)</sub>					2,195,133 <sub>(4)</sub>
	2/15/2018	16,960 <sub>(3)</sub>					1,939,461 <sub>(4)</sub>
R. Michael	2/15/2018		45,840 <sub>(5)</sub>		114.36	11/4/14	1,720 <sub>(6)</sub>
	2/15/2018	2,970 <sub>(2)</sub>					384,407 <sub>(4)</sub>
	2/15/2018	2,970 <sub>(3)</sub>					339,634 <sub>(4)</sub>
L. Schumacher	2/15/2018		8,030 <sub>(5)</sub>		114.36	11/4/14	73,724 <sub>(6)</sub>
	2/15/2018	16,960 <sub>(2)</sub>					2,195,133 <sub>(4)</sub>
	2/15/2018	16,960 <sub>(3)</sub>					1,939,461 <sub>(4)</sub>
C. Alban	2/15/2018		45,840 <sub>(5)</sub>		114.36	11/4/14	1,720 <sub>(6)</sub>
	2/15/2018	16,430 <sub>(2)</sub>					2,126,535 <sub>(4)</sub>
	2/15/2018	16,430 <sub>(3)</sub>					1,878,853 <sub>(4)</sub>
M. Severino	2/15/2018		44,430 <sub>(5)</sub>		114.36	11/4/14	1,216 <sub>(6)</sub>
	2/15/2018	17,130 <sub>(2)</sub>					2,217,136 <sub>(4)</sub>
	2/15/2018	17,130 <sub>(3)</sub>					1,958,901 <sub>(4)</sub>
	2/15/2018		46,320 <sub>(5)</sub>		114.36	11/4/14	2,105 <sub>(6)</sub>

(1) During 2018, each of the NEOs participated in the AbbVie Performance Incentive Plan. The annual cash incentive award earned by the NEO in 2018 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 2018 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)

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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 the extent that shares are earned. In 2018, AbbVie's EPS performance resulted in the banking of the award on February 28, 2019 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, 2020. 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 150% of target, in one-third increments, during a three-year performance period based on AbbVie's return on equity (ROE) articulated

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**EXECUTIVE COMPENSATION**

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 2018, AbbVie's relative ROE performance resulted in the vesting on February 28, 2019 of one-third of the award at 150% 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 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.

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The following table summarizes the outstanding AbbVie equity awards held by the NEOs at year end.

Name	Option Awards(1)(2)				Stock Awards			
	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	109,097		\$58.8800	2/18/2025			75,830 <sup>(3)</sup>	\$6,990,768
	170,113	85,057 <sup>(3)</sup>	54.8600	2/17/2026			142,515 <sup>(3)</sup>	13,138,458
	87,050	174,100 <sup>(3)</sup>	61.3600	2/15/2027			94,420 <sup>(3)</sup>	8,704,580
		127,610 <sup>(3)</sup>	114.3600	2/14/2028				
W. Chase	19,600		29.2265	2/16/2022			28,350 <sup>(3)</sup>	2,613,587
	115,830		35.8800	2/13/2023			54,621 <sup>(3)</sup>	5,035,510
	92,740		51.4200	2/19/2024			33,920 <sup>(3)</sup>	3,127,085
	110,770		58.8800	2/18/2025				
	63,600	31,800 <sup>(3)</sup>	54.8600	2/17/2026				
	33,367	66,733 <sup>(3)</sup>	61.3600	2/15/2027				
		45,840 <sup>(3)</sup>	114.3600	2/14/2028				
R. Michael	6,760	3,380 <sup>(3)</sup>	54.8600	2/17/2026			3,013 <sup>(3)</sup>	277,768
	3,807	7,613 <sup>(3)</sup>	61.3600	2/15/2027			6,231 <sup>(3)</sup>	574,436
		8,030 <sup>(3)</sup>	114.3600	2/14/2028			5,940 <sup>(3)</sup>	547,609
L. Schumacher	103,220		58.8800	2/18/2025			23,309 <sup>(3)</sup>	2,148,857
	52,300	26,150 <sup>(3)</sup>	54.8600	2/17/2026			54,621 <sup>(3)</sup>	5,035,510
	33,367	66,733 <sup>(3)</sup>	61.3600	2/15/2027			33,920 <sup>(3)</sup>	3,127,085
		45,840 <sup>(3)</sup>	114.3600	2/14/2028				
C. Alban	115,830		35.8800	2/13/2023			23,736 <sup>(3)</sup>	2,188,222
	81,500		51.4200	2/19/2024			52,254 <sup>(3)</sup>	4,817,296
	101,960		58.8800	2/18/2025			32,860 <sup>(3)</sup>	3,029,363
	53,247	26,623 <sup>(3)</sup>	54.8600	2/17/2026				
	31,917	63,833 <sup>(3)</sup>	61.3600	2/15/2027				
M. Severino	74,309		54.4400	6/1/2024			27,336 <sup>(3)</sup>	2,520,106
	104,480		58.8800	2/18/2025			54,621 <sup>(3)</sup>	5,035,510
	61,327	30,663 <sup>(3)</sup>	54.8600	2/17/2026			34,260 <sup>(3)</sup>	3,158,429
	33,367	66,733 <sup>(3)</sup>	61.3600	2/15/2027				
		46,320 <sup>(3)</sup>	114.3600	2/14/2028				

(1)

Five of AbbVie's NEOs were employed by Abbott Laboratories (Abbott) prior to AbbVie's separation from Abbott on January 1, 2013 (the "Separation"). When AbbVie separated from Abbott, outstanding Abbott equity awards generally converted into adjusted awards

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based on Abbott common shares and AbbVie common stock (except to the extent prohibited by local law or with respect to certain awards described below). Such awards are subject to substantially the same terms, vesting conditions and other restrictions that applied to the original Abbott awards immediately before the Separation.

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Each Abbott stock option was converted into an adjusted Abbott stock option and an AbbVie stock option, with adjustments to the stock option exercise prices that were intended to preserve the value of the original Abbott award as measured immediately before and immediately after the Separation. Each such adjusted Abbott stock option and AbbVie stock option is subject to substantially the same terms, vesting conditions, post-termination exercise rules and other restrictions that applied to the original Abbott stock option immediately before the Separation.

As a result of the Separation, one NEO held the following Abbott equity awards as of December 31, 2018:

C. Alban: Vested options to purchase 16,033 Abbott common shares with an exercise price of \$27.03 per share.

(2)

Except as noted, the stock options are fully vested.

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- (3) The vesting dates of AbbVie unexercisable stock options and unvested performance share and restricted stock/unit awards outstanding at December 31, 2018 are as follows:

**Option Awards**

**Stock or Unit Awards**