

AbbVie Inc.  
Form PRE 14A  
March 08, 2017

Use these links to rapidly review the document

[TABLE OF CONTENTS](#)

[CD&A Table of Contents](#)

[Table of Contents](#)

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.**

---

(Name of Registrant as Specified In Its Charter)

---

(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.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

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

- (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:
  - (5) Total fee paid:
- o Fee paid previously with preliminary materials.
  - o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
    - (1) Amount Previously Paid:
    - (2) Form, Schedule or Registration Statement No.:
    - (3) Filing Party:
    - (4) Date Filed:
-

Table of Contents

**Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to Be Held on May 5, 2017**

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 5, 2017, at 9:00 a.m. CT for the following purposes:

To elect 4 directors to hold office until the next 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 2017 (Item 2),

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

To vote on a management proposal regarding the annual election of directors (Item 4),

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

**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 and 6 on the proxy card.**

The close of business on March 8, 2017, 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 2017 Proxy Statement and 2016 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.

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

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 28, 2017. 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 [ ], 2017

---

Table of Contents**Table of Contents**

<b><u>Proxy Statement Summary</u></b>	<b><u>1</u></b>
<b><u>Information about the Annual Meeting</u></b>	<b><u>7</u></b>
<i>Who Can Vote</i>	<i>7</i>
<i>Notice and Access</i>	<i>7</i>
<i>Voting by Proxy</i>	<i>7</i>
<i>Revoking a Proxy</i>	<i>7</i>
<i>Discretionary Voting Authority</i>	<i>7</i>
<i>Quorum and Vote Required to Approve Each Item on the Proxy</i>	<i>8</i>
<i>Effect of Broker Non-Votes and Abstentions</i>	<i>8</i>
<i>Inspectors of Election</i>	<i>8</i>
<i>Cost of Soliciting Proxies</i>	<i>8</i>
<i>AbbVie Savings Plan</i>	<i>8</i>
<b><u>Information Concerning Director Nominees (Item 1)</u></b>	<b><u>9</u></b>
<b><u>The Board of Directors and its Committees</u></b>	<b><u>13</u></b>
<b><u>Communicating with the Board of Directors</u></b>	<b><u>17</u></b>
<b><u>Director Compensation</u></b>	<b><u>18</u></b>
<b><u>Securities Ownership</u></b>	<b><u>20</u></b>
<b><u>Executive Compensation</u></b>	<b><u>22</u></b>
<i>Compensation Discussion and Analysis</i>	<i>22</i>
<i>Compensation Committee Report</i>	<i>39</i>
<i>Compensation Risk Assessment</i>	<i>40</i>
<i>Summary Compensation Table</i>	<i>41</i>
<i>2016 Grants of Plan-Based Awards</i>	<i>44</i>
<i>2016 Outstanding Equity Awards at Fiscal Year End</i>	<i>46</i>
<i>2016 Option Exercises and Stock Vested</i>	<i>48</i>
<i>Pension Benefits</i>	<i>48</i>
<i>Non-qualified Deferred Compensation</i>	<i>52</i>
<i>Potential Payments upon Termination or Change in Control</i>	<i>52</i>
<b><u>Ratification of Ernst &amp; Young LLP as AbbVie's Independent Registered Public Accounting Firm (Item 2)</u></b>	<b><u>56</u></b>
<b><u>Audit Information</u></b>	<b><u>57</u></b>
<i>Audit Fees and Non-Audit Fees</i>	<i>57</i>
<i>Policy on Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of the Independent Registered Public Accounting Firm</i>	<i>57</i>
<i>Audit Committee Report</i>	<i>58</i>
<b><u>Say on Pay Advisory Vote on the Approval of Executive Compensation (Item 3)</u></b>	<b><u>59</u></b>
<b><u>Management Proposal Regarding the Annual Election of Directors (Item 4)</u></b>	<b><u>60</u></b>
<b><u>Stockholder Proposals</u></b>	<b><u>61</u></b>
<i>Stockholder Proposal on Lobbying Report (Item 5)</i>	<i>61</i>
<i>Stockholder Proposal to Separate Chair and CEO (Item 6)</i>	<i>64</i>
<b><u>Additional Information</u></b>	<b><u>67</u></b>

Table of Contents

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 5, 2017, 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 2016 Annual Report before voting.

**2017 Annual Meeting of Stockholders**

**Date and Time: May 5, 2017 9:00 a.m. CT**

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

**Record Date: March 8, 2017**

**How to Vote:** Stockholders as of the record date are entitled to vote via 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 Regarding the Annual Election of Directors</b>	FOR
Item 5	<b>Stockholder Proposal on Lobbying Report</b>	AGAINST
Item 6	<b>Stockholder Proposal to Separate Chair and CEO</b>	AGAINST

**Business Overview and Performance Highlights**

*Business Overview*

AbbVie was created in 2013 following separation from Abbott Laboratories. AbbVie's mission is to be an innovation-driven, patient-focused specialty biopharmaceutical company capable of achieving top-tier financial performance through outstanding execution and a consistent stream of innovative new medicines. AbbVie intends to continue to advance its mission in a number of ways, including: (i) growing revenues through continued strong performance from its existing portfolio of on-market products, including its flagship brands, Humira™ and Imbruvica™, as well as growth from pipeline products; (ii) continuing to enhance efficiency by expanding operating margins; (iii) continued

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

investment in its pipeline in support of opportunities in immunology, oncology, neuroscience and virology, as well as focused investments in other areas that augment AbbVie's core strengths; (iv) augmentation of its pipeline through concerted focus on strategic licensing, acquisition and partnering activity with a focus on identifying compelling programs that fit AbbVie's strategic criteria; and (v) returning cash to stockholders via dividends and share repurchases.

Table of Contents

**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 and multiple sclerosis; metabolic diseases, including thyroid disease and complications associated with cystic fibrosis; as well as other serious health conditions. AbbVie also has a pipeline of promising new medicines across such important medical specialties as immunology, virology, oncology and neuroscience, with additional targeted investments in cystic fibrosis and women's health.

*Business Performance Highlights*

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

**The measures set forth above were calculated as of December 31, 2016.**



## 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 numbers, 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 has been committed to a robust return of capital to stockholders with an increase of 60% in its dividend since 2013 as part of a balanced and disciplined capital allocation program. AbbVie's total stockholder return (TSR) since inception of 111.4% also places AbbVie among the top of its Health Care Peer Group, and more than

Table of Contents

## PROXY STATEMENT SUMMARY

40 percentage points above the Standard & Poor's 500 Index and more than 65 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, including the impact of intangible asset amortization, and are non-GAAP numbers, which are reconciled in Appendix B. Adjusted net revenues exclude specified items, as described in Appendix B.

### AbbVie also Delivered Strong Business Performance in 2016

AbbVie has built a strong foundation for its business and 2016 was an exceptional year, as evidenced by a number of 2016 business highlights:

**Net Revenues:** AbbVie reported 2016 full-year net revenues of \$25.6 billion on a GAAP basis and adjusted net revenues of \$25.6 billion, an increase of 13.3% over 2015, excluding the impact of foreign exchange. This reflects top-tier growth, third in AbbVie's Health Care Peer Group.

**Operating Margins:** In 2016, AbbVie expanded its operating margin to 36.6% on a GAAP basis or 42.4% of net revenues on an adjusted basis, and reported gross margin of 77.2% on a GAAP basis or 81.2% of net revenues on an adjusted basis. Excluding the incremental R&D investment related to acquisitions in 2016 and an unfavorable impact from foreign exchange, the adjusted operating margin was 45.9% in 2016.

**Earnings Per Share:** AbbVie reported full-year diluted EPS of \$3.63 on a GAAP basis and adjusted diluted EPS of \$4.82, up 12.4%. This reflects top-tier growth, third in AbbVie's Health Care Peer Group. AbbVie provided 2017 GAAP diluted EPS guidance in the range of \$4.55 to \$4.65 and adjusted diluted EPS guidance in the range of \$5.44 to \$5.54, reflecting growth of nearly 14% at the midpoint.

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

**Humira Sales:** AbbVie delivered global Humira sales of \$16.1 billion, an increase of 14.7% on a reported basis over 2015, or 16.1% excluding the impact of foreign exchange. Humira's performance was driven by continued market penetration across therapeutic categories and geographies.

**Imbruvica Net Revenue:** In 2016, global Imbruvica net revenue exceeded \$1.8 billion, with performance driven by market share growth following Imbruvica's approval as a first line treatment for patients with chronic lymphocytic leukemia (CLL).

## PROXY STATEMENT SUMMARY

**Business Development:** AbbVie acquired Stemcentrx and its lead late-stage asset, rovalpituzumab tesirine (Rova-T), further strengthening AbbVie's oncology portfolio by providing a highly attractive platform in solid tumors. AbbVie also entered into a collaboration with Boehringer Ingelheim to develop and commercialize risankizumab, an anti-IL-23 monoclonal antibody that has the potential to be a transformative therapy in a number of immune-mediated diseases.

**Regulatory Milestones:** AbbVie also achieved a number of regulatory milestones in markets worldwide for several key products, including U.S. Food and Drug Administration (FDA) and European Medicines Agency (EMA) approvals for several new products, including Venclexta™ for relapsed/refractory chronic lymphocytic leukemia (CLL) patients with 17p deletion, Zinbryta™ for relapsing forms of multiple sclerosis and Empliciti™ for the treatment of multiple myeloma, as well as new indications for Humira and Imbruvica.

**Pipeline Development:** With a record number of programs in mid- and late-stage development, AbbVie made significant pipeline advancements in 2016, such as regulatory application submissions for the company's pan-genotypic next-generation HCV combination and Imbruvica for marginal zone lymphoma.

### 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 page 29), AbbVie's board of directors:

**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; and

**approved a declassification management proposal** in this proxy statement (Item 4) to seek stockholder approval to amend the company's Amended and Restated Certificate of Incorporation to declassify the board of directors and to allow for the annual election of directors, as described in Item 4.

Table of Contents**PROXY STATEMENT SUMMARY**

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. 13
Eight of AbbVie's nine directors are <b>independent</b> and regularly meet in <b>executive session</b>	p. 13
All members of the audit, compensation, nominations and governance and public policy <b>committees are independent</b>	p. 15
<b>Adopted a Proxy Access</b> By-Law provision for 3%/3 years	p. 69
Policy <b>prohibiting hedging and pledging</b>	p. 39
Robust <b>stock ownership guidelines</b>	p. 39
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>Clawback</b> authority in the event of financial restatement to recover incentive plan awards	p. 39
<b>Related person transaction</b> policy to ensure appropriate oversight	p. 67
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 for uncontested elections and we have a resignation policy if the director fails to receive a majority of the votes cast	p. 9
We hold an <b>annual say-on-pay</b> advisory vote on executive compensation	p. 59
Our governance guidelines restrict the number of boards our directors may serve on to <b>prevent overboarding</b>	Corporate Governance Guidelines
Annual board and committee <b>self-assessments</b> and annual <b>succession planning</b>	Corporate Governance Guidelines
We are guided by strong <b>ethics programs</b> and <b>supplier guidelines</b>	<a href="http://www.abbvie.com/responsibility/home.html">http://www.abbvie.com/responsibility/home.html</a>

For inclusion on the board, the nominations and governance committee considers **diversity** of ethnicity, gender, and geography

p. 14

### **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.

Table of Contents

## PROXY STATEMENT SUMMARY

Three primary components make up AbbVie's executive pay program: base salary, short-term incentives and long-term incentives. The structure of each component is tailored to serve a specific function and purpose. The following is a summary of the key components of our compensation program.

### Element of Pay

### Changes Made for 2016

Long-Term Incentive Program

ii

Completed redesign of our long-term incentive program:

Added multiple performance metrics, including relative ROE, EPS and relative TSR as criteria for vesting.

Removed provision that allowed performance awards to vest if thresholds were met in any 3 of 5 years, creating more risk of forfeiture.

Added multi-year performance periods.

Changed dividend payment schedule so dividends are paid only at vesting and only on earned shares.

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

Increased use of performance-vested awards from 75% to 80% which, in combination with stock options, ties 100% of our LTI program to performance metrics and stock price appreciation.

### Short-Term Incentive Plan

Refined process for referencing the market median for long-term incentive award decisions.  
ii

Added disclosure of our maximum annual incentive cap of 200% of target.  
ii

Reduced the CEO's target annual incentive to 150% of base salary.  
ii

### Peer Comparisons

Established a formal payout matrix based on net revenues and operating margin to define and cap NEO annual incentive awards at or below the plan maximum.  
ii

Simplified the peer group used for compensation benchmarking, the AbbVie Health Care Peer Group.



Table of Contents

**Who Can Vote**

Stockholders of record at the close of business on March 8, 2017 will be entitled to notice of and to vote at the Annual Meeting. As of March 8, 2017, 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 2017. 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 4 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 4 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 regarding the annual election of directors, and AGAINST each of the stockholder proposals.

Edgar Filing: AbbVie Inc. - Form PRE 14A

The board of directors is not aware of any other issue which 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.

Table of Contents

**INFORMATION ABOUT THE ANNUAL MEETING**

**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 regarding the annual election of directors, 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 regarding the annual election of directors, 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 which 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 Georgeson Inc. to aid in the solicitation of proxies, at an estimated cost of \$19,500 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.



Table of Contents

The board of directors consists of three classes with each class currently comprised of three directors and four directors standing for election in Class II. Directors of one class are elected each year for a term of three years. The Class II directors are presented for re-election to hold office until the expiration of their term at the 2020 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 2016 Annual Report on Form 10-K. All of the nominees, except Ms. Meyer, are currently serving as directors. Ms. Meyer was recommended for election by the nominations and governance committee.

**Class II Directors Whose Terms Expire in 2017**

**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 and as a director on the Board of Yale-New Haven Hospital.

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.

**Committees:**  
Nominations & Governance  
Public Policy

**Director since: 2013**

**Age: 66**

**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  
Public Policy

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

**Director since: 2013**  
**Age: 71**

**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.

Table of Contents

**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.

**Director Nominee**

**Age: 59**

**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 on financial and operational matters faced by a complex international company.

**Frederick H. Waddell**

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

Mr. Waddell has served as the chief executive officer of Northern Trust Corporation and The Northern Trust Company since January 2008 and as chairman of the board since November 2009. He served as president from February 2006 through September 2011 and from October to December 2016, and as chief operating officer from February 2006 to January 2008. Mr. Waddell served as a board member of Northern Trust from February 2006 to November 2009 prior to becoming the chairman of the board.

**Committees:**

Audit  
Compensation

**Key Contributions to the Board:** As chairman and chief executive officer of Northern Trust Corporation and The Northern Trust Company, Mr. Waddell possesses broad financial services experience with a strong record of leadership in a highly regulated industry.

**Director since: 2013**

**Age: 63**

**Class III Directors Whose Terms Expire in 2018**

**Roxanne S. Austin**

*President, Austin Investment Advisors*

Ms. Austin is president of Austin Investment Advisors, a private investment and consulting firm, a position she has held since 2004. From July 2009 through July 2010, Ms. Austin also served as the president and chief executive officer of Move Networks, Inc., a provider of Internet television services. Ms. Austin previously served as president and chief operating officer of DIRECTV, Inc. Ms. Austin also previously 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, including financial expertise and knowledge of financial statements, corporate finance and accounting matters.

**Director since: 2013**

**Age: 56**





**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: 63**

**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.

**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: 68**

**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.

**INFORMATION CONCERNING DIRECTOR NOMINEES**

**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. Mr. Burnside is a director at Audubon California.

Key Contributions to the Board: Through his experience with The Boston Consulting Group, Mr. Burnside acquired knowledge and understanding of corporate finance and capital markets matters, as well as global and domestic strategic advisory experience across a broad base of industries.

**Committees:**  
Audit  
Nominations &  
Governance

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

**Brett J. Hart**

*Executive Vice President and General Counsel, United Continental Holdings, Inc.*

Mr. Hart is the executive vice president and general counsel of United Continental Holdings, Inc. (UAL) and United Airlines, Inc. since February 2012. Mr. Hart also served as acting chief executive officer of UAL and United Airlines, Inc. from October 2015 to March 2016. From December 2010 to February 2012, he served as senior vice president, general counsel and secretary of UAL, United and Continental. From June 2009 to December 2010, Mr. Hart served as executive vice president, general counsel and corporate secretary at Sara Lee Corporation.

Key Contributions to the Board: As 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 and strategic acumen with expertise in risk management, legal strategic matters, government and regulatory affairs, customer and external facing matters, corporate governance, and compliance.

**Committees:**  
Nominations &  
Governance  
Public Policy

**Director since: 2016**  
**Age: 47**

**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. Mr. Rapp is presently a board member for FM Global. He is currently a member of the University of Missouri College of Business Strategic Development Board.

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

**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: 59**

Table of Contents

## **The Board of Directors**

The board of directors held eleven meetings in 2016. The average attendance of all incumbent directors at board and committee meetings in 2016 was ninety-six percent and each director attended at least seventy-five percent of the total number of board meetings and meetings of the committees on which he or she served. AbbVie encourages its board members to attend the annual stockholder meeting. All of AbbVie's directors attended the 2016 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, 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 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 and the chair of the nominations and governance committee is appointed to be the lead director, ensures the appropriate level of oversight, independence, and responsibility is applied to all board decisions, including risk oversight, and is in the best interests of AbbVie and its stockholders. The lead independent director is chosen by and from the independent members of the board of directors.

The 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. if requested by major stockholders, ensures that he or she is available for consultation and direct communication as needed; and
6. performs such other duties as the board may determine from time to time.



Table of Contents

**THE BOARD OF DIRECTORS AND ITS COMMITTEES**

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 conducts a self-evaluation to determine whether it and its committees are functioning effectively. The full board discusses the evaluation reports to determine what, if any, action should be undertaken to improve board and committee performance.

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, and geography and assesses the effectiveness of the process in achieving that diversity.

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 nominations and governance committee to be the most relevant to the board's oversight role with respect to AbbVie's business and affairs and to drive our culture of innovation and responsibility. The specific importance of each skill also is noted.

Such skills include, among others:

**Healthcare Industry** Relevant to an industry understanding and review of our business and strategy for continued innovation.

**Leadership** For a board that can successfully advise and oversee the company's business performance and represent stockholders interests.

**Global Business and Strategy** For oversight of a complex global organization like AbbVie to successfully advise and oversee the strategic development and direction of the company.

**Corporate Governance and Public Company Board** Ensuring directors have 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.



Table of Contents**THE BOARD OF DIRECTORS AND ITS COMMITTEES****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
Mr. Tilton	ü	ü	ü	ü	ü	ü
Mr. Waddell		ü	ü	ü	ü	ü

**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				
E. Rapp				
G. Tilton				
F. Waddell				



Edgar Filing: AbbVie Inc. - Form PRE 14A

Number of meetings	6	3	4	4
--------------------	---	---	---	---

	Lead Director	Chairperson	Member	Financial Expert
<b>Audit Committee</b>				

The audit committee is governed by a written charter. This 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, the independent auditors' qualifications, independence, and

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

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 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 2016.

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 14-15. From time to time, AbbVie engages an executive search firm to assist the committee in identifying individuals qualified to be board members.



Table of Contents

**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, and governmental affairs and health care compliance matters that affect AbbVie by discharging the responsibilities set forth in its charter.

**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.

Table of Contents

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' 2016 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	\$113,750	\$184,983	\$0	\$16,319	\$25,000	\$340,052
R. Austin	135,833	184,983	0	0	0	320,816
W. Burnside	119,750	184,983	0	0	25,000	329,733
B. Hart	61,250	184,983	0	0	25,000	271,233
E. Liddy	130,417	184,983	0	0	6,604	322,004
E. Rapp	131,417	184,983	0	0	25,000	341,400
R. Roberts	57,500	0	0	0	28,847	86,347
G. Tilton	145,000	184,983	0	0	25,000	354,983
F. Waddell	119,750	184,983	0	0	25,000	329,733

(1)

Under the AbbVie Non-Employee Directors' Fee Plan as in effect until the 2016 annual meeting of stockholders, non-employee directors earned \$10,500 for each month of service as a director and \$1,000 for each month of service as a chair of a board committee, other than the chair of the audit committee. The chair of the audit committee received \$1,500 for each month of service as a chair of that committee and the other members of the audit committee received \$500 for each month of service as a committee member. The Non-Employee Directors' Fee Plan was amended in 2016 to adjust certain components of the program based on recommendations of the compensation committee's independent compensation consultant following review of AbbVie's Health Care Peer Group market practices and trends. Under the amended Non-Employee Directors' Fee Plan, effective as of the 2016 annual meeting of stockholders, non-employee directors earn \$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 receives \$25,000 per year for service as chair of that committee and the other members of the audit committee receive \$500 for each month of service as a committee member. 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),



Table of Contents**DIRECTOR COMPENSATION**

deferred until retirement (as an unfunded AbbVie obligation), or paid currently into an individual grantor trust established by an eligible director. The distribution of deferred fees and amounts held in a director's grantor trust generally commences at the later of when the director reaches age 65 or upon retirement from the board of directors. Fees deposited in a trust may be credited to a stock equivalent account that earns the same return as if the fees were invested in AbbVie stock or to a guaranteed interest account. If necessary, AbbVie contributes funds to a director's trust so that as of year-end the stock equivalent account balance (net of taxes) is not less than seventy-five percent of the market value of the related AbbVie common stock at year end.

- (2) The amounts in this column represent the aggregate grant date fair value of the restricted stock unit awards granted during 2016, 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 2016 annual stockholder meeting received under the AbbVie 2013 Incentive Stock Program vested restricted stock units with a target grant date value of \$185,000. In 2016, this equated to 2,974 restricted stock units (after rounding the award down to the nearest whole unit), with a reportable value of \$184,983. 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, 2016: R. Alpern, 19,019; R. Austin, 26,682; W. Burnside, 10,460; B. Hart, 2,974; E. Liddy, 14,446; E. Rapp, 10,460; G. Tilton, 22,666; F. Waddell, 10,460. 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, 2016.

- (4) The totals in this column include reportable interest credited under the AbbVie Non-Employee Directors' Fee Plan during 2016.

- (5) Charitable contributions made by AbbVie's non-employee directors are eligible for a matching contribution (up to \$25,000 annually). For 2016 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; E. Liddy, \$5,000; E. Rapp, \$25,000; R. Roberts \$25,000; G. Tilton, \$25,000; 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, 2017, by each director, the chief executive officer, the chief financial officer, and the three other most highly paid executive officers (NEOs), and by all directors and executive officers of AbbVie as a group. It also reflects the number of stock equivalent units and restricted stock units held by non-employee directors under the AbbVie Non-Employee Directors' Fee Plan.

Name	Shares Beneficially Owned(1)(2)(3)	Stock Options Exercisable within 60 days of January 31, 2017	Stock Equivalent Units
R. Gonzalez	339,631	656,296	0
R. Alpern	19,019	0	5,194
R. Austin	33,526	0	0
W. Burnside	10,460	0	0
B. Hart	2,974	0	0
E. Liddy	15,581	0	16,772
M. Meyer	0	0	0
E. Rapp	12,960	0	10,331
G. Tilton	30,411	0	26,342
F. Waddell	12,460	0	0
W. Chase	172,871	404,517	0
L. Schumacher	141,159	414,413	0
H. Gosebruch	78,104	27,987	0
M. Severino	143,282	149,856	0
All directors and executive officers as a group <sup>(4)</sup>	1,336,412	2,243,498	58,639

- (1) The table includes shares held in the executive officers' accounts in the AbbVie Savings Plan as follows: all executive officers as a group, 2,788. 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, 5,050; G. Tilton, 350; W. Chase, 501; and all directors and executive officers as a group, 49,374.
- (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, 2016 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 on February 13, 2017, by BlackRock, Inc. on January 19, 2017, and by The Vanguard Group on February 9, 2017. Capital Research Global Investors reported that it had sole voting power with respect to 174,963,752 shares, shared voting power with respect to 0 shares, sole dispositive power with respect to 174,963,752 shares and shared dispositive power with respect to 0 shares. The Vanguard Group reported that it had sole voting power with respect to 2,548,785 shares, shared voting power with respect to 295,907 shares, sole dispositive power with respect to 106,722,611 shares and shared dispositive power with respect to 2,814,152 shares. BlackRock, Inc. reported that it had sole voting power with respect to 78,355,516 shares, shared voting power with respect to 14,485 shares, sole dispositive power with respect to 92,404,082 shares and shared dispositive power with respect to 14,485 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	174,963,752	10.7%
The Vanguard Group 100 Vanguard Boulevard Malvern, PA 19355	109,536,763	6.74%
BlackRock, Inc. 40 East 52nd Street New York, NY 10022	92,418,567	5.7%

Table of Contents

**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, Chief Financial Officer
<b>Laura J. Schumacher</b>	Executive Vice President, External Affairs, General Counsel and Corporate Secretary
<b>Henry O. Gosebruch</b>	Executive Vice President, Chief Strategy Officer
<b>Michael E. Severino</b>	Executive Vice President, Research & Development and Chief Scientific Officer

Although we describe our programs in the context of the NEOs, it is important to note that our programs generally have broad eligibility and therefore in most cases apply to employee populations outside the NEO group as well.

**CD&A Table of Contents**

The CD&A is organized as follows:

<u>I. Executive Summary</u>	<u>23</u>
<u>Compensation Philosophy</u>	<u>23</u>
<u>Business Overview</u>	<u>23</u>
<u>Business Performance Highlights</u>	<u>24</u>
<u>Components of our Compensation Program</u>	<u>28</u>
<u>2016 Performance Results</u>	<u>28</u>
<u>Stockholder Engagement</u>	<u>29</u>
<u>Executive Compensation Program Updates in 2016</u>	<u>30</u>
<u>Compensation Program Governance Summary</u>	<u>31</u>
<u>II. Executive Compensation Process</u>	<u>31</u>
<u>Commitment to Performance-Based Awards</u>	<u>31</u>
<u>Committee Process for Setting Total Compensation</u>	<u>31</u>
<u>Compensation Benchmarking</u>	<u>32</u>
<u>Role of the Compensation Consultant</u>	<u>32</u>
<u>Compensation Risk Oversight</u>	<u>32</u>
<u>III. Compensation Plan Elements</u>	<u>33</u>
<u>Base Salary</u>	<u>33</u>
<u>Short-Term Incentives</u>	<u>33</u>
<u>Long-Term Incentives</u>	<u>36</u>
<u>Benefits</u>	<u>37</u>
<u>Employment Agreements</u>	<u>38</u>
<u>Excise Tax Gross-Ups</u>	<u>38</u>
<u>Change in Control Agreements</u>	<u>38</u>
<u>IV. Other Matters</u>	<u>39</u>
<u>Stock Ownership Guidelines</u>	<u>39</u>
<u>Clawback Policy</u>	<u>39</u>



## **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, 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 was created in 2013 following separation from Abbott Laboratories. 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 and multiple sclerosis; metabolic diseases, including thyroid disease and complications associated with cystic fibrosis; as well as other serious health conditions.

Our pipeline includes more than 50 compounds or indications in development across important medical specialties such as immunology, virology, oncology and neuroscience, with additional targeted investment in cystic fibrosis and women's health.

Table of Contents

## **EXECUTIVE COMPENSATION**

### *Business Performance Highlights*

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

**The measures set forth above were calculated as of December 31, 2016.**

\*

## 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 numbers, 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 has been committed to a robust return of capital to stockholders with an increase of 60% in its dividend since 2013 as part of a balanced and disciplined capital allocation program. AbbVie's total stockholder return (TSR) since inception of 111.4% also places AbbVie among the top of its Health Care Peer Group, and more than 40 percentage points above the Standard & Poor's 500 Index and more than 65 percentage points above the NYSE Arca Pharmaceutical Index over the same time period.

## EXECUTIVE COMPENSATION

### AbbVie also Delivered Strong Business Performance in 2016

AbbVie has built a strong foundation for its business and 2016 was an exceptional year, as evidenced by a number of 2016 business highlights:

**Net Revenues:** AbbVie reported 2016 full-year net revenues of \$25.6 billion on a GAAP basis and adjusted net revenues of \$25.6 billion, an increase of 13.3% over 2015, excluding the impact of foreign exchange. This reflects top-tier growth, third in AbbVie's Health Care Peer Group.

**Operating Margins:** In 2016, AbbVie expanded its operating margin to 36.6% on a GAAP basis or 42.4% of net revenues on an adjusted basis, and reported gross margin of 77.2% on a GAAP basis or 81.2% of net revenues on an adjusted basis. Excluding the incremental R&D investment related to acquisitions in 2016 and an unfavorable impact from foreign exchange, the adjusted operating margin was 45.9% in 2016.

**Earnings Per Share:** AbbVie reported full-year diluted EPS of \$3.63 on a GAAP basis and adjusted diluted EPS of \$4.82, up 12.4%. This reflects top-tier growth, third in AbbVie's Health Care Peer Group. AbbVie provided 2017 GAAP diluted EPS guidance in the range of \$4.55 to \$4.65 and adjusted diluted EPS guidance in the range of \$5.44 to \$5.54, reflecting growth of nearly 14% at the midpoint.

**Humira Sales:** AbbVie delivered global Humira sales of \$16.1 billion, an increase of 14.7% on a reported basis over 2015, or 16.1% excluding the impact of foreign exchange. Humira's performance was driven by continued market penetration across therapeutic categories and geographies.

**Imbruvica Net Revenue:** In 2016, global Imbruvica net revenue exceeded \$1.8 billion, with performance driven by market share growth following Imbruvica's approval as a first line treatment for patients with chronic lymphocytic leukemia (CLL).

**Business Development:** AbbVie acquired Stemcentrx and its lead late-stage asset, rovalpituzumab tesirine (Rova-T), further strengthening AbbVie's oncology portfolio by providing a highly attractive platform in solid tumors. AbbVie also entered into a collaboration with Boehringer Ingelheim to develop and commercialize risankizumab, an anti-IL-23 monoclonal antibody that has the potential to be a transformative therapy in a number of immune-mediated diseases.

**Regulatory Milestones:** AbbVie also achieved a number of regulatory milestones in markets worldwide for several key products, including U.S. Food and Drug Administration (FDA) and European Medicines Agency (EMA) approvals for several new products, including Venclexta™ for relapsed/refractory chronic lymphocytic leukemia (CLL) patients with 17p deletion, Zinbryta™ for relapsing forms of multiple sclerosis and Empliciti™ for the treatment of multiple myeloma, as well as new indications for Humira and Imbruvica.

**Pipeline Development:** With a record number of programs in mid- and late-stage development, AbbVie made significant pipeline advancements in 2016, such as regulatory application submissions for the company's pan-genotypic next-generation HCV combination and Imbruvica for marginal zone lymphoma.





Table of Contents

## **EXECUTIVE COMPENSATION**

The graphs below illustrate AbbVie's growth of net revenue and diluted EPS in 2016 versus 2015.

\* Net revenues and diluted earnings per share are adjusted for specified items, including the impact of intangible asset amortization, and are non-GAAP numbers, which are reconciled in Appendix B. Adjusted net revenues exclude specified items, as described in Appendix B.

### **2016 Performance**

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 2016:



Table of Contents

## EXECUTIVE COMPENSATION

### Total Stockholder Return (TSR) Performance

Over the four years since AbbVie's separation from Abbott, we have delivered a total stockholder return of 111.4%, which places us among the top of our 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, 2016. 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 is Positioned for Future Growth

AbbVie is well-positioned to deliver strong top- and bottom-line performance through 2020 and beyond. The company has established growth platforms in some of the largest and most attractive market segments, including immunology, oncology, virology and neurology, and has built a compelling pipeline in these areas which will contribute significantly to future performance. AbbVie is committed to top-line growth and operating margin expansion. In October 2015, AbbVie outlined its long-term strategic and financial objectives through 2020, including an expectation to deliver annual double-digit adjusted EPS growth on average, company net revenues of approximately \$37 billion in 2020, and an adjusted operating margin profile of greater than 50 percent in 2020.

Table of Contents

**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.

**In response to stockholder feedback, we redesigned our long-term incentive (LTI) program for 2016, emphasizing multiple, relative performance metrics and multi-year performance periods (see page 36 for a detailed description of the 2016 redesign).**

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.

*2016 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 2016 performance goals. The specific weightings for each NEO, other than 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. 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(1)	Result(2)	Outcome	Performance Against Annual Goals
A. Non-GAAP Net Revenues of \$25.7BN	A. \$25.4BN <sup>(3)</sup>	Achieved	99%
B. Non-GAAP Income Before Taxes of \$9.7BN	B. \$10.0BN	Achieved Above Target	100%
C. Adjusted Return on Assets of 17.0%	C. 17.2%	Achieved Above Target	100%
D. Non-GAAP Operating Margin of \$10.9BN	D. \$11.0BN	Achieved Above Target	100%
E. Humira Sales of \$15.7BN	E. \$16.0BN <sup>(3)</sup>	Achieved Above Target	100%

(1) Expected results reflect the acquisition of assets from Boehringer Ingelheim and the acquisition of Stemcentrx.

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

(3) Net revenues and Humira sales are 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 2016 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.

**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.

**Henry O. Gosebruch:** Achieve proprietary pharmaceutical pipeline enhancement objectives; and support research and development initiatives per company strategy.

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

*Stockholder Engagement*

**2016 Say on Pay Results**

At our 2016 Annual Meeting, the say on pay proposal received support from 94% of our stockholders. The board and compensation committee are encouraged by the continued, consistent stockholder support for our executive compensation program.

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 2016 AbbVie approached and engaged stockholders holding approximately 38% of the company's outstanding shares. In these discussions, the aggregate feedback was generally supportive of the compensation program, consistent with the level of stockholder support for our say on pay proposals in the last two

Table of Contents

**EXECUTIVE COMPENSATION**

years, and was not prescriptive about our compensation plan design. 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.

After considering stockholder feedback and suggestions, AbbVie's compensation committee, in consultation with management and the committee's independent compensation consultant, has proactively reviewed our policies and compensation program design. For annual awards beginning in 2016, our LTI program has been redesigned, as discussed in greater detail in the following section.

*Executive Compensation Program Updates in 2016*

The compensation committee of the board has engaged in a continuous process of evaluation and enhancement of the AbbVie executive compensation program. Since the company's launch, AbbVie has made significant enhancements to its legacy compensation programs, the most recent of which are described in the following paragraphs and on page 36.

The committee has considered the feedback from stockholders as to the design of its compensation program and competitive benchmarking and, in 2016, completed a comprehensive revision of the program. The new long-term incentive program was effective for equity grants made in 2016. The program consists of equity awards that include 40% performance shares, 40% performance-vested restricted stock awards and 20% stock options. Vesting may occur over a 3-year period based on relative return on equity (ROE) for the performance-vested restricted stock awards and earnings per share (EPS) (with a relative 3-year total stockholder return (TSR) modifier) for the performance shares. The 2016 program eliminates vesting in any 3 of 5 years and provides that awards may vest only over 3 years based on the achievement of the defined performance metrics. Additionally, dividends will not be paid unless the performance criteria are met, and then will be paid only on shares that are earned. AbbVie believes the new design further strengthens and aligns the performance orientation of senior executive compensation. Highlights of the changes made for 2016 include:

<b>Element of Pay</b>	<b>Changes Made for 2016</b>
Long-Term Incentive Program	<p>ii</p> <p>Completed redesign of our long-term incentive program:</p> <p>Added multiple performance metrics, including relative ROE, EPS and relative TSR as criteria for vesting.</p> <p>Removed provision that allowed performance awards to vest if thresholds were met in any 3 of 5 years, creating more risk of forfeiture.</p> <p>Added multi-year performance periods.</p> <p>Changed dividend payment schedule so dividends are paid only at vesting and only on earned shares.</p> <p>Increased use of performance-vested awards from 75% to 80% which, in combination with stock options, ties 100% of our LTI program to performance metrics and stock price appreciation.</p>



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

Short-Term Incentive Plan	Refined process for referencing the market median for long-term incentive award decisions. ii
	Added disclosure of our maximum annual incentive cap of 200% of target. ii
	Reduced the CEO's target annual incentive to 150% of base salary. ii
Peer Comparisons	Established a formal payout matrix based on net revenues and operating margin to define and cap NEO annual incentive awards at or below the plan maximum. ii
	Simplified the peer group used for compensation benchmarking, the AbbVie Health Care Peer Group.

The new design is discussed in more detail in Section III.

Table of Contents

**EXECUTIVE COMPENSATION**

*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:

**New**

ii

**Long-term incentive design emphasizing multiple, relative performance metrics and multi-year performance periods (see page 36 for a detailed description of the 2016 redesign)**

**Shifts program away from a single, absolute performance metric to a multi-factor model**

**Incorporates relative total stockholder return**

**Eliminates extra vesting opportunity that was a part of the prior LTI design**

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

ii

**CEO target annual incentive reset at 150% of base salary**

ii

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

**Ongoing**

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

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

ü

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

ü

**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

**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**

ü

**Proactive stockholder engagement process**

## **II. Executive Compensation Process**

### *Commitment to Performance-Based Awards*

More than three-fourths of AbbVie's NEO pay is performance-based. Specific goals and targets are the foundation of our pay-for-performance process, and this section describes how they apply to each pay component. Though quantitative metrics such as financial and operational results are a central part of our performance assessment, some goals such as leadership and progress against strategic and long-term objectives are difficult to measure using numeric or formulaic criteria. As such, the compensation committee also conducts a qualitative assessment of individual performance to ensure the overall assessment of performance and pay decisions are aligned with the company's true performance over a period of time. A discussion of the decision-making criteria for each pay component follows.

### *Committee Process for Setting Total Compensation*

Each February, the committee, with the assistance of its independent compensation consultant and AbbVie's management team, determines target 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 group median based on each NEO's individual performance, leadership, and contributions to long-term strategic performance.



Table of Contents

**EXECUTIVE COMPENSATION**

*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 identified no material risks in AbbVie's compensation programs in 2016.

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 that are measured at the company and individual levels. The PIP is intended to comply with the requirements of Internal Revenue Code Section 162(m) for performance-based compensation. The compensation committee may define and cap PIP awards below the maximum amounts allowed by IRC Section 162(m), and is guided by the use of a formal annual incentive payout matrix that establishes a potential range of final incentive outcomes based on net revenues and operating margin performance. All NEOs carry a target incentive amount set as a percentage of their base salary. Mr. Gonzalez's target is 150% of base salary and the other NEOs' targets are 110% of base salary. Determining award amounts is a multi-step process. First, financial and individual goals are evaluated and scored, resulting in a preliminary award amount of up to 100% of target only. For 2016, all financial and strategic goals were materially achieved, resulting in performance scores between 99% and 100% of target. Final awards above 100% of target are determined at the February meeting based on company performance (the extent to which performance exceeds targets), the recommendation of the CEO (for NEOs other than himself), and the support



Table of Contents

**EXECUTIVE COMPENSATION**

of the compensation committee. To determine final awards, the CEO and the compensation committee use the payout matrix to define and cap the range in making its final determinations. This process is more fully described below:

**Illustration of 2016 Incentive Calculation**

While the compensation committee relies heavily on objective, quantitative metrics to determine PIP awards, the performance review also includes a qualitative element to ensure the review is comprehensive and inclusive of all individual, strategic, and leadership goals for which assessment is not solely dictated 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.

For 2016, net revenue performance was 99% compared to plan, while operating margin performance was 101% compared to plan. As a result of this performance, the annual incentive payout matrix capped the annual incentives at 150% of target, below the plan maximum of 200% of target and the Code Section 162(m) cap. This resulted in final awards between 134% and 150% of target, consistent with the high level of performance achieved in 2016 and within the outcome range suggested by the payout matrix.

**Annual Metrics and Goal Assessment**

AbbVie's PIP structure is intended to align NEOs' interests directly with AbbVie's annual operating strategies, 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 and qualitative assessments of clearly defined strategic progress and leadership behaviors. The compensation committee approves pre-established goals at the beginning of each year. The qualitative assessment reflects NEOs' overall leadership, progress on strategic initiatives, advancement of the pipeline, and enhancement of AbbVie's biopharmaceutical culture.

The financial and strategic/leadership goals and their respective weightings are summarized in the chart below. The specific goals and weightings for each NEO, other than 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. The CEO's goals are similarly established at the start of each performance year; however, to reflect the CEO's overall accountability for



Table of Contents**EXECUTIVE COMPENSATION**

company financial performance and strategic outcomes, the committee considers all financial and non-financial goals holistically, without specific weightings, when evaluating CEO performance.

**Annual Incentive Payout Matrix**

	<b>Range</b>
Net Revenues	0% to 200% of target
Operating Margin	0% to 200% of target

**Financial Goals**

	<b>% Weighting</b>
Income Before Taxes	20%
Net Revenues, Operating Margin, Humira Sales, and Return on Assets	20% to 60%
<b>Total Tied to Financial Goals</b>	<b>40% to 80%</b>

**Strategic/Leadership Goals**

	<b>% Weighting</b>
R&D/Biosimilars	0% to 50%
Business Development	0% to 50%
Other (including strategic initiatives, etc.)	0% to 30%
<b>Total Tied to Strategic/Leadership Goals</b>	<b>20% to 60%</b>

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 2016 specified adjustments consisted of intangible asset amortization, milestones and other research and development expenses, acquired in process research and development, acquisition related costs, change in fair value of contingent consideration, Venezuela devaluation loss, revaluation due to tax law change, and other items, as described in Exhibit 99.1 to AbbVie's Form 8-K filed on January 27, 2017.

**2016 PIP Awards**

	<b>Target Award</b>	<b>Actual Award Paid</b>	<b>Actual Award as a % of Target</b>
Richard A. Gonzalez	\$ 2,400,000	\$3,600,000	150%
William J. Chase	1,084,358	1,626,000	150%
Laura J. Schumacher	1,084,358	1,626,000	150%
Henry O. Gosebruch	990,418	1,327,136	134%
Michael E. Severino	1,063,986	1,596,000	150%



Table of Contents

**EXECUTIVE COMPENSATION**

*Long-Term Incentives*

AbbVie redesigned its LTI program effective with the 2016 annual grant, based in part on feedback from stockholders. The new design increases the alignment of 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 2016, NEOs received LTI awards with the following characteristics as compared to the 2015 LTI awards:

**Evolution of Long-Term Incentive Program**

**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 term 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

Edgar Filing: AbbVie Inc. - Form PRE 14A

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.

Table of Contents**EXECUTIVE COMPENSATION****Performance Share and Performance-Vested Restricted Stock Performance Targets and Results**

Performance targets and results associated with the 2016 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.

<b>Performance Objective</b>	<b>Target</b>	<b>Result</b>	<b>Impact on Payout</b>
Adjusted Diluted EPS	\$4.72	\$ 4.82	166.7%
Total Shareholder Return	TSR is measured over a 3-year performance period and used as a modifier		
ROE compared to industry peers	75 <sup>th</sup> - 90 <sup>th</sup>	> 90 <sup>th</sup>	150%

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 2016 annual grant was \$54.86. The high, low and closing prices of an AbbVie common share on the grant date (February 18, 2016) were \$55.53, \$54.17, and \$54.55, respectively. All LTI awards are subject to a minimum vesting period of 12 months.

*Benefits*

Benefits are an important part of retention and capital preservation for all employees, helping to protect against the impact of unexpected catastrophic loss of health and/or earnings potential, as well as providing a means to save and accumulate for retirement or other post-employment needs.

Each of the benefits described below supports the company's objective of providing a market competitive total rewards program. Individual benefits do not directly affect decisions regarding other benefits or pay components, except to the extent that all benefits and pay components must, in aggregate, be competitive, as previously discussed.

**Retirement Benefits**

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.



Table of Contents

**EXECUTIVE COMPENSATION**

**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.

**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 53 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."





Table of Contents**EXECUTIVE COMPENSATION****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
Laura J. Schumacher	3x Base Salary	Yes
Henry O. Gosebruch	3x Base Salary	Yes
Michael E. Severino	3x Base Salary	Yes

In addition, AbbVie's non-employee directors are required to own AbbVie stock valued at five times (5x) the annual fee for service as a director under the AbbVie Non-Employee Directors' Fee Plan within five years of joining the Board or as soon as practicable thereafter.

*Clawback Policy*

While 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, 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 such incentive awards.

*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 General Counsel 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

## EXECUTIVE COMPENSATION

### Compensation Risk Assessment

During 2016, in collaboration with the compensation committee's independent compensation consultant, AbbVie conducted an in-depth risk assessment of its compensation policies and practices, including those related to executive compensation programs for NEOs. The risk assessment included a quantitative and qualitative analysis of AbbVie's executive compensation programs and broader employee incentive compensation plans. AbbVie also considered how these programs compare, from a design perspective, to programs maintained by other companies. Based on this assessment, it was determined that AbbVie's executive compensation programs are balanced and appropriately incent employees, and any risks arising from the compensation policies and practices are not reasonably likely to have a material adverse effect on AbbVie. The following factors were among those considered in making this determination:

AbbVie'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 2016, 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. The committee can reduce or cancel incentive compensation in connection with a violation

of company policy or similar misconduct.

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.

Table of Contents**EXECUTIVE COMPENSATION****Summary Compensation Table**

This section contains compensation information for AbbVie's NEOs for the fiscal year ended December 31, 2016. The following table summarizes compensation awarded to, earned by and/or paid to AbbVie's NEOs in connection with their service to AbbVie during 2016, 2015 and 2014, as applicable. Mr. Gosebruch was not a named executive officer before 2016. 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 (\$)(1)	Bonus (\$)	Stock Awards (\$)(2)	Option Award (\$)(3)(4)	Non-Equity Incentive Compensation (\$)(5)	Change in Pension Value and Non-qualified Deferred Compensation (\$)(6)(7)	All Other Compensation (\$)(8)	Total (\$)
Richard A. Gonzalez	2016	\$1,600,000	\$0	\$9,318,854	\$2,360,323	\$3,600,000	\$3,232,531	\$859,216	\$20,970,924
Chairman of the Board and Chief Executive Officer	2015	1,588,461	0	9,747,455	3,259,808	2,976,000	2,447,316	791,063	20,810,103
	2014	1,595,961	0	8,379,403	2,762,525	3,500,000	5,044,809	723,573	22,006,271
William J. Chase	2016	979,369	0	3,483,919	882,450	1,626,000	1,697,232	162,406	8,831,376
Executive Vice President, Chief Financial Officer	2015	950,385	0	3,298,795	1,103,269	1,358,300	739,381	163,664	7,613,794
	2014	923,711	0	2,764,853	911,634	1,490,000	1,710,772	121,925	7,922,895
Laura J. Schumacher	2016	979,369	0	2,864,483	725,663	1,626,000	1,627,686	394,498	8,217,699
Executive Vice President, External Affairs, General Counsel and Corporate Secretary	2015	951,538	0	3,073,930	1,028,071	1,358,300	504,413	390,089	7,306,341
	2014	957,577	0	2,807,018	925,396	1,490,000	2,465,919	402,095	9,048,005
Henry O. Gosebruch	2016	894,523	1,000,000(9)	3,066,591	776,630	1,327,136	190,717	143,466	7,399,063
Executive Vice									

President, Chief Strategy Officer									
Michael E. Severino	2016	960,969	0	3,359,376	850,908	1,596,000	375,080	101,530	7,243,863
Executive Vice President,									
Research & Development and Chief Scientific Officer	2015	918,077	0	3,111,604	1,040,621	1,238,700	228,599	66,204	6,603,805
	2014	503,750	1,000,000(9)	7,710,065	734,916	1,200,000	188,911	205,104	11,542,746

- (1) The year-over-year difference in base salary from 2014 to 2015 is a function of the number of pay periods in each year. There were 27 pay periods in 2014 and 26 pay periods in 2015 and 2016.
- (2) 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 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.
- (3) 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.
- (4) 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 2016, along with the weighted-average grant date fair value, are shown below:

Assumption	All NEOs
Risk-free interest rate	1.36%
Average life of options (years)	6.0
Volatility	28.46%
Dividend yield	4.09%
Fair value per stock option	\$9.25

Table of Contents

**EXECUTIVE COMPENSATION**

(5) The compensation reported in this column for 2016 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 section of this proxy statement captioned "Compensation Plan Elements."

(6) The amounts shown below are reported in this column for 2016, 2015, and 2014, respectively, as applicable.

*AbbVie Pension Plan*

R. Gonzalez: \$(70,521) / \$45,413 / \$142,324; W. Chase: \$74,428 / \$(20,261) / \$148,641; L. Schumacher: \$86,510 / \$(11,019) / \$166,274; H. Gosebruch: \$15,980; and M. Severino: \$22,663 / \$15,872 / \$18,610.

*AbbVie Supplemental Pension Plan*

R. Gonzalez: \$3,016,444 / \$2,230,380 / \$4,794,683; W. Chase: \$1,463,791 / \$676,623 / \$1,500,464; L. Schumacher: \$1,093,415 / \$218,282 / \$2,072,222; H. Gosebruch: \$174,737; and M. Severino: \$306,868 / \$196,191 / \$170,007.

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: \$286,608 / \$171,523 / \$107,802; W. Chase: \$159,013 / \$83,019 / \$61,667; L. Schumacher: \$447,761 / \$297,150 / \$227,423; and M. Severino: \$45,549 / \$16,536 / \$294.

(7) 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 2016, interest rates decreased and the discount rates used for the Pension Plan and the Supplemental Pension Plan were decreased to reflect that change. A decrease in the discount rate increases the present value of participants' pension benefits while actual payments to be made to participants are not changed. The discount rate used for 2016 was 4.67% for the Pension Plan and 4.59% for the Supplemental Pension Plan. The discount rate used for 2015 was 4.93% for the Pension Plan and 4.83% for the Supplemental Pension Plan, while the discount rate used for 2014 for both the Pension Plan and the Supplemental Pension Plan was 4.45%. The mortality assumptions that apply for actuarial purposes also affect pension values. During 2014, the Society of Actuaries released new mortality tables reflecting longer life expectancies, which are now in use

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

for Pension Plan and Supplemental Pension Plan accounting. This increase in assumed life expectancy resulted in an increase in the present value of participants' pension benefits in 2014. During 2015, the Society of Actuaries released an improved scale that adjusted the previously released 2014 scale, which AbbVie determined was appropriate to use in determining the funded status as of December 31, 2015.

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.

(8)

The amounts shown below are reported in this column for 2016, 2015, and 2014, respectively, as applicable.

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

R. Gonzalez: \$149,512 / \$120,030 / \$94,209; W. Chase: \$84,680 / \$75,830 / \$50,968; L. Schumacher: \$310,138 / \$280,224 / \$302,097; and M. Severino: \$20,104 / \$437 / \$0.

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



Table of Contents

**EXECUTIVE COMPENSATION**

Supplemental Pension Plan and the AbbVie Supplemental Savings Plan. These amounts include the earnings (net of the reportable interest included in footnote (6)).

*Employer Contributions to Defined Contribution Plans*

R. Gonzalez: \$80,000 / \$79,423 / \$79,798; W. Chase: \$48,968 / \$47,519 / \$46,186; L. Schumacher: \$48,968 / \$47,577 / \$47,879; H. Gosebruch: \$13,250; and M. Severino: \$48,048 / \$45,904 / \$25,188.

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 2016 Compensation*

The totals shown in the table include the cost of providing a corporate automobile less the amount reimbursed by the NEO: R. Gonzalez: \$19,362; W. Chase: \$18,645; L. Schumacher: \$20,856; H. Gosebruch: \$16,634; and M. Severino: \$23,378. AbbVie imputes income to the NEO, if required, and the NEO pays taxes in accordance with tax regulations without gross-ups.

The totals shown in the table include a \$10,000 financial planning services allowance for each NEO. AbbVie imputes income to the NEO, if required, and the NEO pays taxes in accordance with tax regulations without gross-ups.

The totals shown in the table include the following costs for non-business-related air travel: R. Gonzalez: \$535,834; W. Chase: \$112; and L. Schumacher: \$4,536. 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 \$64,508 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. AbbVie imputes income to Mr. Gonzalez, if required, and he pays taxes in accordance with tax regulations without gross-ups.

For Mr. Gosebruch, the total includes \$103,581 for relocation costs.

The NEOs also are eligible to participate in an executive disability benefit which is described on page 53 of this proxy statement.

(9)

These amounts were paid to replace prior employer incentive awards.



Table of Contents**EXECUTIVE COMPENSATION****2016 Grants of Plan-Based Awards**

The following table summarizes the equity awards granted under the AbbVie 2013 Incentive Stock Program to the NEOs during 2016.

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards(1)		Estimated Future Payouts Under Equity Incentive Plan Awards Target (#)	All Other Option Awards: Numbers of Securities Underlying Options (#)	Exercise or Base Price of Option Awards (\$/Sh)	Closing Market Price on Grant Date	Grant Date Fair Value of Stock and Option Awards
		Target (\$)	Maximum (\$)					
R. Gonzalez	2/18/2016			85,300 <sup>(2)</sup>				\$4,640,149 <sup>(4)</sup>
	2/18/2016			85,300 <sup>(3)</sup>				4,678,705 <sup>(4)</sup>
	2/18/2016				255,170 <sup>(5)</sup>	\$54.86	\$54.55	2,360,323 <sup>(6)</sup>
W. Chase	2/18/2016			31,890 <sup>(2)</sup>				1,734,752 <sup>(4)</sup>
	2/18/2016			31,890 <sup>(3)</sup>				1,749,167 <sup>(4)</sup>
	2/18/2016				95,400 <sup>(5)</sup>	54.86	54.55	882,450 <sup>(6)</sup>
L. Schumacher	2/18/2016			26,220 <sup>(2)</sup>				1,426,316 <sup>(4)</sup>
	2/18/2016			26,220 <sup>(3)</sup>				1,438,167 <sup>(4)</sup>
	2/18/2016				78,450 <sup>(5)</sup>	54.86	54.55	725,663 <sup>(6)</sup>
H. Gosebruch	2/18/2016			28,070 <sup>(2)</sup>				1,526,952 <sup>(4)</sup>
	2/18/2016			28,070 <sup>(3)</sup>				1,539,639 <sup>(4)</sup>
	2/18/2016				83,960 <sup>(5)</sup>	54.86	54.55	776,630 <sup>(6)</sup>
M. Severino	2/18/2016			30,750 <sup>(2)</sup>				1,672,738 <sup>(4)</sup>
	2/18/2016			30,750 <sup>(3)</sup>				1,686,638 <sup>(4)</sup>
	2/18/2016				91,990 <sup>(5)</sup>	54.86	54.55	850,908 <sup>(6)</sup>

(1) During 2016, each of the NEOs participated in the AbbVie Performance Incentive Plan. The annual cash incentive award earned by the NEO in 2016 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 2016 awards under the plan. The plan is described in greater detail in the section of this proxy statement captioned "Compensation Discussion and Analysis Compensation Plan Elements Short-Term Incentives."

(2) This is a performance share award that has the potential to vest at 0% to 250% of target during a three-year performance period and is 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 accrue during the performance period and are paid in cash at vesting only to the extent that shares are earned. In 2016, in connection with the phase-in of the redesigned long-term incentive program, AbbVie's EPS performance resulted in the vesting on February 28, 2017 of two-thirds of the award at 166.7% of target, and the remaining one-third of the award has been banked for vesting to be determined based on the company's relative TSR performance following the three-year performance period that ends December 31, 2018. The performance metrics are described in the section of this proxy statement captioned "Compensation Discussion and Analysis Compensation Plan Elements Long-Term Incentives."

(3)

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

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 term based on AbbVie's return on equity (ROE) articulated as pre-set goals and measured relative to a group made up of companies that are constituents in either the S&P Pharmaceutical, Biotech, and Life Science Index or the NYSE Arca Pharmaceutical Index. Dividends accrue during the performance period and are paid in cash at vesting only to the extent that shares are earned. In 2016, AbbVie's relative ROE performance resulted in the vesting on February 28, 2017 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."

Table of Contents

**EXECUTIVE COMPENSATION**

- (4) The grant date fair value of stock awards is 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. 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. 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 (4) to the Summary Compensation Table.

Table of Contents**EXECUTIVE COMPENSATION****2016 Outstanding Equity Awards at Fiscal Year End**

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: Payout Value of Unearned Shares or Other Rights That Have Not Vested (\$)
R. Gonzalez	18,366		\$24.2082	2/17/2021			54,320 <sup>(3)</sup>	\$3,401,518
	53,650		29.2265	2/16/2022			110,393 <sup>(3)</sup>	6,912,810
	187,353	93,677 <sup>(3)</sup>	51.4200	2/19/2024			170,600 <sup>(3)</sup>	10,682,972
	109,097	218,193 <sup>(3)</sup>	58.8800	2/18/2025				
		255,170 <sup>(3)</sup>	54.8600	2/17/2026				
W. Chase	25,500		28.8628	2/14/2018			17,923 <sup>(3)</sup>	1,122,338
	12,800		28.1251	2/19/2019			37,360 <sup>(3)</sup>	2,339,483
	13,400		28.3122	2/18/2020			63,780 <sup>(3)</sup>	3,993,904
	19,000		24.2082	2/17/2021				
	19,600		29.2265	2/16/2022				
	115,830		35.8800	2/13/2023				
	61,827	30,913 <sup>(3)</sup>	51.4200	2/19/2024				
	36,924	73,846 <sup>(3)</sup>	58.8800	2/18/2025				
L. Schumacher	79,800		29.2265	2/16/2022			18,197 <sup>(3)</sup>	1,139,496
	145,510		35.8800	2/13/2023			34,813 <sup>(3)</sup>	2,179,990
	62,760	31,380 <sup>(3)</sup>	51.4200	2/19/2024			52,440 <sup>(3)</sup>	3,283,793
	34,407	68,813 <sup>(3)</sup>	58.8800	2/18/2025				
		78,450 <sup>(3)</sup>	54.8600	2/17/2026				
H. Gosebruch		83,960 <sup>(3)</sup>	54.8600	2/17/2026			60,699 <sup>(3)</sup>	3,800,971
							56,140 <sup>(3)</sup>	3,515,487
M. Severino	49,539	24,770 <sup>(3)</sup>	54.4400	6/1/2024			47,209 <sup>(3)</sup>	2,956,228
	34,827	69,653 <sup>(3)</sup>	58.8800	2/18/2025			35,240 <sup>(3)</sup>	2,206,729
		91,990 <sup>(3)</sup>	54.8600	2/17/2026			61,500 <sup>(3)</sup>	3,851,130

(1)

Three 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 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.

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.

Table of Contents**EXECUTIVE COMPENSATION**

As a result of the Separation, the NEOs held the following Abbott equity awards as of December 31, 2016:

W. Chase: Vested options to purchase 6,533 Abbott common shares with an exercise price of \$27.03 per share.

L. Schumacher: Vested options to purchase 265,906 Abbott common shares with exercise prices ranging from \$22.39 to \$27.03 per share.

(2) Except as noted, the stock options are fully vested.

(3) The vesting dates of AbbVie unexercisable stock options and unvested performance share and restricted stock/unit awards outstanding at December 31, 2016 are as follows:

Name	Option Awards				Stock or Unit Awards			
	Number of Unexercised Shares Remaining from Original Grant	Number of Option Shares Vesting Date	Number of Option Shares Vesting Date	Number of Option Shares Vesting Date	Number of Restricted Stock or Units	Number of Restricted Stock or Units	Number of Restricted Stock or Units	Number of Restricted Stock or Units
R. Gonzalez	93,677	93,677	2/20		54,320		(a)	
	218,193	109,096	2/19	109,097	2/19	110,393		(b)
	255,170	85,057	2/18	85,056	2/18	85,057	2/18	(c)
W. Chase	30,913	30,913	2/20		17,923		(a)	
	73,846	36,923	2/19	36,923	2/19	37,360		(b)
	95,400	31,800	2/18	31,800	2/18	31,800	2/18	(c)
L. Schumacher	31,380	31,380	2/20		18,197		(a)	
	68,813	34,406	2/19	34,407	2/19	34,813		(b)
	78,450	26,150	2/18	26,150	2/18	26,150	2/18	(c)
H. Gosebruch	83,960	27,987	2/18	27,986	2/18	27,987	2/18	(e)
						26,220		(d)
						28,070		(c)



Edgar Filing: AbbVie Inc. - Form PRE 14A

						28,070	(d)
M. Severino	24,770	24,770	6/02			47,209	(f)
	69,653	34,826	2/19	34,827	2/19	35,240	(b)
	91,990	30,664	2/18	30,663	2/18	30,750	(c)
						30,750	(d)

---

(a)

These are shares of performance-vested restricted stock that remained outstanding and unvested on December 31, 2016, from an award made on February 20, 2014. The award has a 5-year term, with no more than one-third of the original award vesting in any one year upon AbbVie achieving a minimum return on equity target, measured at the end of the relevant year. In 2016, AbbVie reached its minimum return on equity target and the unvested shares vested on February 28, 2017.

(b)

These are shares of performance-vested restricted stock that remained outstanding and unvested on December 31, 2016, from an award made on February 19, 2015. The award has a 5-year term, with no more than one-third of the original award vesting in any one year upon AbbVie achieving a minimum return on equity target, measured at the end of the relevant year. In 2016, AbbVie reached its minimum return on equity target and one-half of the unvested shares vested on February 28, 2017.

(c)

These are performance shares that remained outstanding and unvested on December 31, 2016 from an award made on February 18, 2016. The award has the potential to vest at 0% to 250% of target during a 3-year performance period and is 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 accrue during the performance period and are paid at vesting only to the extent that shares are earned. In 2016, in connection with the phase-in of the redesigned long-term incentive

Table of Contents**EXECUTIVE COMPENSATION**

program, AbbVie's EPS performance resulted in the vesting on February 28, 2017 of two-thirds of the award at 166.7% of target, and the remainder of the award has been banked for vesting to be determined based on the company's relative TSR performance following the 3-year performance period that ends December 31, 2018.

(d)

These are performance-vested restricted stock units that remained outstanding and unvested on December 31, 2016, from an award made on February 18, 2016. The award has the potential to vest at 0% to 150% of target, in one-third increments, during a 3-year performance term based on AbbVie's return on equity (ROE) articulated as pre-set goals and measured relative to a group made up of companies that are constituents in either the S&P Pharmaceutical, Biotech, and Life Science Index or the NYSE Arca Pharmaceutical Index. Dividends accrue during the performance period and are paid at vesting only to the extent that shares are earned. In 2016, AbbVie's relative ROE performance resulted in the vesting on February 28, 2017 of one-third of the award at 150% of target.

(e)

These are shares of performance-vested restricted stock that remained outstanding and unvested on December 31, 2016, from an award made on December 9, 2015. The award has a 5-year term, with no more than one-third of the original award vesting in any one year upon AbbVie achieving a minimum return on equity target, measured at the end of the relevant year. In 2016, AbbVie reached its minimum return on equity target and one-half of the unvested shares will vest on December 9, 2017.

(f)

These are shares of performance-vested restricted stock that remained outstanding and unvested on December 31, 2016, from an award made on June 2, 2014. The award has a 5-year term, with no more than one-third of the original award vesting in any one year upon AbbVie achieving a minimum return on equity target, measured at the end of the relevant year. In 2016, AbbVie reached its minimum return on equity target and the unvested shares will vest on June 2, 2017.

**2016 Option Exercises and Stock Vested**

The following table summarizes for each NEO the number of shares acquired on the exercise of AbbVie stock options and the number of shares acquired on the vesting of AbbVie stock awards in 2016:

Name	Option Awards		Stock Awards	
	Number of Shares Acquired On	Value Realized On	Number of Shares Acquired On	Value Realized On
	Exercise (#)	Exercise (\$)	Vesting (#)	Vesting (\$)
R. Gonzalez	285,953	\$7,989,718	195,424	\$10,943,744
W. Chase	6,600	210,514	99,904	5,594,624
L. Schumacher	186,106	6,030,202	118,548	6,638,688
H. Gosebruch	0	0	30,351	1,848,376
M. Severino	0	0	64,827	3,952,736

**Pension Benefits**

During 2016, the NEOs participated in two AbbVie-sponsored defined benefit pension plans: the AbbVie Pension Plan, a tax-qualified pension plan; and the AbbVie Supplemental Pension Plan, a non-qualified supplemental pension plan. The Supplemental Pension Plan also includes a benefit feature AbbVie uses to attract senior executives who are mid-career hires, which provides an additional benefit to such participants that is less valuable to participants who have spent most of their career at the company. Except as provided in AbbVie's change in

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

control agreements, AbbVie does not have a policy granting extra years of credited service under the plans. The change in control agreements are described in the section of this proxy statement captioned "Potential Payments upon Termination or Change in Control."

The compensation considered in determining the pensions payable to the NEOs is the compensation shown in the "Salary" and "Non-Equity Incentive Plan Compensation" columns of the Summary Compensation Table.

Table of Contents

**EXECUTIVE COMPENSATION**

*Pension Plan*

The Pension Plan is a broad-based plan that covers most AbbVie employees in the United States, age 21 or older, and provides participants with a life annuity benefit at normal retirement equal to A plus the greater of B or C below.

- A.  
1.10% of 5-year final average earnings multiplied by years of benefit service after 2003.
- B.  
1.65% of 5-year final average earnings multiplied by years of benefit service prior to 2004 (up to 20); plus 1.50% of 5-year final average earnings multiplied by years of benefit service prior to 2004 in excess of 20 (but no more than 15 additional years); less 0.50% of the lesser of 3-year final average earnings (but not more than the social security wage base in any year) or the social security covered compensation level multiplied by years of benefit service.
- C.  
1.10% of 5-year final average earnings multiplied by years of benefit service prior to 2004.

The benefit for service prior to 2004 (B or C above) is reduced for the cost of preretirement surviving spouse benefit protection. The reduction is calculated using formulas based on age and employment status during the period in which coverage was in effect.

Final average earnings are the average of the employee's 60 highest-paid consecutive calendar months of compensation (salary and non-equity incentive plan compensation). The Pension Plan covers earnings up to the limit imposed by Internal Revenue Code Section 401(a)(17) and provides for a maximum of 35 years of benefit service.

Participants become fully vested in their pension benefit upon the completion of five years of service. The benefit is payable on an unreduced basis at age 65. Employees hired after 2003 who terminate employment prior to age 55 with at least 10 years of service may choose to commence their benefits on an actuarially reduced basis as early as age 55. Employees hired before 2004 who terminate employment prior to age 50 with at least 10 years of service may choose to commence their benefits on an actuarially reduced basis as early as age 50. Employees hired before 2004 who terminate employment prior to age 50 with fewer than 10 years of service may choose to commence their benefits on an actuarially reduced basis as early as age 55.

The Pension Plan offers several optional forms of payment, including certain and life annuities, joint and survivor annuities, and level income annuities. The benefit paid under any of these options is actuarially equivalent to the life annuity benefit produced by the formula described above.

Employees who retire from AbbVie prior to their normal retirement age may receive subsidized early retirement benefits. Employees hired after 2003 are eligible for early retirement at age 55 with 10 years of service. Employees hired before 2004 are eligible for early retirement at age 50 with 10 years of service or age 55 if the employee's age plus years of benefit service total 70 or more. Mr. Gonzalez and Ms. Schumacher are eligible for early retirement benefits under the plan.

The subsidized early retirement reductions applied to the benefit payable for service after 2003 (A above) depend upon the participant's age at retirement. If the participant retires after reaching age 55, the benefit is reduced 5 percent per year for each year that payments are made before age 62. If the participant retires after reaching age 50 but prior to reaching age 55, the benefit is actuarially reduced from age 65.

Table of Contents

**EXECUTIVE COMPENSATION**

The early retirement reductions applied to the benefit payable for service prior to 2004 (B and C above) depend upon age and service at retirement:

In general, the 5-year final average earnings portions of the benefit are reduced 3 percent per year for each year that payments are made before age 62 and the 3-year final average earnings portion of the benefit is reduced 5 percent per year for each year that payments are made before age 62.

Employees who participated in the plan before age 36 may elect "Special Retirement" on the last day of any month after reaching age 55 with age plus Seniority Service points of at least 94 or "Early Special Retirement" on the last day of any month after reaching age 55, provided their age plus Seniority Service points would reach at least 94 before age 65. Seniority Service includes periods of employment prior to attaining the minimum age required to participate in the plan. If Special Retirement or Early Special Retirement applies, Seniority Service is used in place of benefit service in the formulas. The 5-year final average earnings portions of the benefit in B above are reduced  $1\frac{2}{3}$  percent for each year between ages 59 and 62 plus  $2\frac{1}{2}$  percent for each year between ages 55 and 59. The 3-year final average earnings portion of the benefit is reduced 5 percent per year for each year that payments are made before age 62. Benefit C is payable on an unreduced basis at Special Retirement and is reduced 3 percent per year for each year that payments are made before age 62, if Early Special Retirement applies.

*Supplemental Pension Plan*

The provisions of the Supplemental Pension Plan (which covers AbbVie employees in the United States whose compensation exceeds certain limits under the Internal Revenue Code) are substantially the same as those of the Pension Plan, with the following exceptions:

Participants' 5-year final average earnings are calculated using the average of the 5 highest years of base earnings and the 5 highest years of payments under AbbVie's non-equity incentive plans.

The Pension Plan does not include amounts deferred or payments received under the AbbVie Deferred Compensation Plan in its calculation of a participant's final average earnings. To preserve the pension benefits of Deferred Compensation Plan participants, the Supplemental Pension Plan includes amounts deferred by a participant under the Deferred Compensation Plan in its calculation of final average earnings.

In addition to the benefits outlined above for the Pension Plan, the NEOs are eligible for an additional Supplemental Pension Plan benefit equal to 0.6% of 5-year final average earnings for each year of service for each of the first 20 years of service occurring after the participant attains age 35. The benefit is further limited by the maximum percentage allowed under the Pension Plan under that plan's benefit formulas (A, B and C above). The portion of this additional benefit attributable to service before 2004 is reduced 3 percent per year for each year that payments are made before age 60. The portion attributable to service after 2003 is reduced 5 percent per year for each year that payments are made before age 60 if the participant is at least age 55 at early retirement. If the participant is under age 55 at retirement, the portion attributable to service after 2003 is actuarially reduced from age 65.

The Supplemental Pension Plan provides early retirement benefits similar to those provided under the Pension Plan. The benefits provided to NEOs under the Supplemental Pension Plan are not, however, reduced for the period between age 60 and age 62, unless the benefit is being actuarially reduced from age 65. Mr. Gonzalez and Ms. Schumacher are eligible for early retirement benefits under the plan.

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

Vested benefits accrued under the Supplemental Pension Plan may be funded through a grantor trust established by an eligible NEO. Consistent with the distribution requirements of Internal Revenue Code Section 409A and its regulations, those NEOs who became officers prior to 2009 may have the entire amount of their vested plan benefits funded through a grantor trust. Eligible NEOs who became officers after 2008 and before 2015 may have only the vested benefits that accrue following the calendar year in which he or she is first elected as an officer funded through a grantor trust.

Table of Contents**EXECUTIVE COMPENSATION**

Benefits payable under the Supplemental Pension Plan are offset by the benefits payable from the Pension Plan, calculated as if benefits under the plans commenced at the same time. The amounts paid to an eligible NEO's Supplemental Pension Plan grantor trust to fund plan benefits are actuarially determined. The plan is designed to result in AbbVie paying the eligible NEO's Supplemental Pension Plan benefits to the extent assets held in his or her trust are insufficient.

*Pension Benefits Table*

Name	Plan Name	Number of Years Credited Service (#)	Present Value of Accumulated Benefit (\$)(1)	Payments During Last Fiscal Year (\$)
R. Gonzalez	AbbVie Pension Plan	35	\$431,133	\$0
	AbbVie Supplemental Pension Plan	35	15,682,566	2,088,728 <sup>(2)</sup>
W. Chase	AbbVie Pension Plan	28	527,008	0
	AbbVie Supplemental Pension Plan	28	4,934,899	377,517 <sup>(2)</sup>
L. Schumacher	AbbVie Pension Plan	26	714,514	0
	AbbVie Supplemental Pension Plan	26	8,684,377	497,947 <sup>(2)</sup>
H. Gosebruch	AbbVie Pension Plan	1	17,018	0
	AbbVie Supplemental Pension Plan	1	253,992	0
M. Severino	AbbVie Pension Plan	3	57,145	0
	AbbVie Supplemental Pension Plan	3	673,066	0

(1) AbbVie calculates these present values using: (i) a discount rate of 4.67% for the Pension Plan and a discount rate of 4.59% for the Supplemental Pension Plan, the same discount rates it uses for Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 715 calculations for financial reporting purposes; and (ii) each plan's unreduced retirement age, which is age 62 under the AbbVie Pension Plan and age 60 under the AbbVie Supplemental Pension Plan for those participants who are eligible for early retirement benefits and which is age 65 under both plans for other participants. The present values shown in the table reflect postretirement mortality, based on the FASB ASC Topic 715 assumption (the RP2006 Healthy Annuitant table projected fully generationally with MP2016 mortality improvement scale), but do not include a factor for preretirement termination, mortality, or disability.

(2) During 2016, the amounts shown, less applicable tax withholdings, were distributed and deposited into the individual grantor trusts established by the eligible NEOs and included in the NEOs' income, as applicable. Consistent with the distribution requirements of Internal Revenue Code Section 409A and its regulations, vested Supplemental Pension Plan benefits, to the extent not previously funded, are distributed to the eligible participants' individual grantor trusts and included in their income. Amounts held in an eligible NEO's individual trust are expected to offset AbbVie's obligations to him or her under the plan. Grantor trusts are described in greater detail in the section of this proxy statement captioned "Compensation Plan Elements Benefits Retirement Benefits."

Table of Contents**EXECUTIVE COMPENSATION****Non-qualified Deferred Compensation**

The following table summarizes Mr. Chase's and Ms. Schumacher's non-qualified deferred compensation under the AbbVie Deferred Compensation Plan. No additional contributions have been made to their accounts under the plan since such time as Mr. Chase and Ms. Schumacher, respectively, became officers and ceased to be eligible to contribute to the plan. None of the other NEOs has any non-qualified deferred compensation under the plan.

Name	Plan Name	Executive contributions in last FY (\$)	Registrant contributions in last FY (\$)	Aggregate earnings in last FY (\$)(3)	Aggregate withdrawals/distributions (\$)	Aggregate balance at last FYE (\$)(4)
W. Chase	Deferred Compensation Plan <sup>(1)(2)</sup>	\$0	\$0	\$5,805	\$0	\$77,745
L. Schumacher	Deferred Compensation Plan <sup>(1)(2)</sup>	0	0	33,967	0	417,810

(1) Mr. Chase's and Ms. Schumacher's contributions to the Deferred Compensation Plan ceased in 2007 and 2002, respectively.

(2) The plan permits participants to defer up to 75% of their base salary and up to 75% of their annual cash incentives and credits a participant's account with an amount equal to the employer matching contributions that otherwise would have been made for the participant under AbbVie's tax-qualified defined contribution plan. Participants may direct the investment of their deferral accounts into one or more of several funds chosen by the administrator, and the deferral account is credited with investment returns based on the performance of the fund(s) selected. During 2016, the weighted average rate of return credited to the accounts was 8.1% for Mr. Chase and 8.8% for Ms. Schumacher.

The plan provides for cash distributions in either a lump sum or installments after separation from service and permits in-service withdrawals in accordance with specific procedures. Participants make distribution elections each year that apply to the deferrals to be made in the following calendar year, in accordance with the requirements of Internal Revenue Code Section 409A. Participants may request withdrawals due to financial hardship; if a hardship withdrawal is approved, it is limited to the amount needed to address the hardship.

(3) The amounts reported in this column are not included in the Summary Compensation Table of this proxy statement.

(4) The amounts reported in this column have not been previously reported as compensation in AbbVie's Summary Compensation Tables because they relate to contributions made before the applicable individual became an NEO.

**Potential Payments upon Termination or Change in Control***Potential Payments upon Termination Generally*

AbbVie does not have employment agreements with its NEOs.

The following summarizes the payments that the NEOs would have received if their employment had terminated on December 31, 2016. Earnings would have continued to be paid for the NEO's Performance Incentive Plan and Supplemental Savings Plan grantor trusts, as



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

applicable, until the trust assets were fully distributed. The amount of these payments would depend on the period over which the trust assets were distributed and the trust earnings and fees. If the trust assets were distributed over a 10-year period and based on current earnings, the NEOs would receive the following average annual payments over such 10-year period: Mr. Gonzalez, \$410,784; Mr. Chase, \$249,683; Ms. Schumacher, \$594,974; and Dr. Severino, \$85,551. In addition, the following one-time deposits would have been made under the AbbVie Supplemental Pension Plan for each of the following NEOs, respectively: Mr. Gonzalez, \$1,253,903; Mr. Chase, \$713,187; and Ms. Schumacher, \$834,337. As of December 31, 2016, Mr. Gonzalez and Ms. Schumacher were eligible to retire, and therefore were eligible to receive the pension benefits previously described.

Table of Contents**EXECUTIVE COMPENSATION**

If the termination of employment had been due to disability, then the NEOs also would have received, in addition to AbbVie's standard disability benefits, a monthly long-term disability benefit in the amount of \$180,000 for Mr. Gonzalez; \$81,300 for Mr. Chase; \$81,300 for Ms. Schumacher; \$66,357 for Mr. Gosebruch; and \$79,800 for Dr. Severino. This long-term disability benefit would continue for up to 24 months following termination of employment. It ends if the NEO retires, recovers, dies or ceases to meet eligibility criteria.

If the NEO's employment had terminated due to death or disability, his or her unvested stock options and restricted stock or unit awards would have vested on December 31, 2016 with values as set forth below in the subsection of this proxy statement captioned "Equity Awards."

*Potential Payments upon Change in Control*

AbbVie has entered into change in control agreements with its NEOs. Each change in control agreement continues in effect until December 31, 2018, and can be renewed for successive two-year terms upon notice prior to the expiration date. If notice of non-renewal is given, the agreement will expire on the later of the scheduled expiration date and the one-year anniversary of the date of such notice. If no notice is given, the agreement will expire on the one-year anniversary of the scheduled expiration date. Each agreement also automatically extends for two years following any change in control (see below) that occurs while the agreement is in effect.

The agreements provide that if the employee is terminated other than for cause or permanent disability or if the employee elects to terminate employment for good reason (see below) within two years following a change in control, he or she is entitled to receive a lump sum payment equal to three times his or her annual salary and annual incentive ("bonus") award (assuming for this purpose that all target performance goals have been achieved or, if higher, based on the average bonus for the last three years), plus any unpaid bonus owing for any completed performance period and the pro rata bonus for any current bonus period (based on the highest of the bonus assuming achievement of target performance, the average bonus for the past three years or, in the case of the unpaid bonus for any completed performance period, the actual bonus earned). If the employee is terminated other than for cause or permanent disability or if the employee elects to terminate employment for good reason during a potential change in control (see below), he or she is entitled to receive a lump sum payment of the annual salary and bonus payments described above, except that the amount of the bonus to which the employee is entitled will be based on the actual achievement of the applicable performance goals. If the potential change in control becomes a "change in control event" (within the meaning of Internal Revenue Code Section 409A), the employee will be entitled to receive the difference between the bonus amounts the officer received upon termination during the potential change in control and the bonus amounts that would have been received had such amounts instead been based on the higher of the employee's target bonus or the average bonus paid to the employee in the preceding three years.

Bonus payments include payments made under the Performance Incentive Plan. The employee also will receive up to two years of additional employee benefits (including welfare benefits, outplacement services and tax and financial counseling) and the value of three more years of pension accruals. If change in control-related payments and benefits become subject to the excise tax imposed under Internal Revenue Code Section 4999, payments under the agreement will be reduced to prevent application of the excise tax if such a reduction would leave the employee in a better after-tax position than if the payments were not reduced and the tax applied. The agreements also limit the conduct for which awards under AbbVie's incentive stock programs can be terminated and generally permit options to remain exercisable for the remainder of their term.

For purposes of the agreements, the term "change in control" includes the following events: any person becoming the beneficial owner of AbbVie securities representing 20 percent or more of the outstanding voting power (not including an acquisition directly from AbbVie and its affiliates); a change in the majority of the members of the board of directors whose appointment was approved by a vote of at least two-thirds of the incumbent directors; and the consummation of certain mergers or similar corporate transactions involving AbbVie. A "potential change in control" under the agreements includes, among other things, AbbVie's entry into an agreement that would result in a change in control. Finally, the term "good reason" includes: a significant adverse change in the employee's position, duties, or authority; the company's failure to pay the employee's compensation or a reduction in the employee's base pay or



Table of Contents

**EXECUTIVE COMPENSATION**

benefits; or the relocation of the company's principal executive offices to a location that is more than 35 miles from the location of the offices at the time of the change in control.

If a change in control had occurred on December 31, 2016, immediately followed by one of the covered circumstances described above, Mr. Gonzalez, Mr. Chase, Ms. Schumacher, Mr. Gosebruch, and Dr. Severino would have been entitled to receive the following payments and benefits under the change in control agreements:

Mr. Gonzalez: cash termination payments \$10,012,616; additional Supplemental Pension Plan benefits \$1,741,749; welfare and fringe benefits \$67,068.

Mr. Chase: cash termination payments \$6,905,640; additional Supplemental Pension Plan benefits \$573,953; welfare and fringe benefits \$67,982.

Ms. Schumacher: cash termination payments \$7,095,640; additional Supplemental Pension Plan benefits \$3,957,291; welfare and fringe benefits \$53,963.

Mr. Gosebruch: cash termination payments \$5,758,560; welfare and fringe benefits \$48,240.

Dr. Severino: cash termination payments \$6,559,830; additional Supplemental Pension Plan benefits \$683,693; welfare and fringe benefits \$67,372.

The amounts shown for Mr. Gonzalez's cash termination payments and additional supplemental pension plan benefits reflect reductions of \$4,563,384 and \$793,825, respectively, which would have applied under cutback provisions in the agreement as described above.

*Equity Awards*

The AbbVie 2013 Incentive Stock Program was approved by AbbVie's stockholders and covers approximately 8,500 participants, including a broad group of management and professional staff.

The AbbVie 2013 Incentive Stock Program provides that any unvested equity awards granted in or after February 2013 may be assumed, converted or replaced on an equivalent basis by the surviving company upon a change in control. If the surviving company does not do so, the vesting of the awards is accelerated. If the surviving company does assume, convert or replace the awards on an equivalent basis, then accelerated vesting of the awards is limited to circumstances in which, during the period from six months before through two years after a change in control, the grantee's employment is terminated without cause or the grantee resigns for good reason. The terms "cause" and "good reason" have the same definitions as in the change in control agreements.

If a change in control had occurred on December 31, 2016 and the surviving company did not assume, convert or replace any of the awards granted after January 2013, or the NEO's employment had terminated without cause or he or she had resigned for good reason, as described above, then the unvested equity awards of the NEOs would have vested as follows:

Mr. Gonzalez would have vested in (i) 567,040 unvested AbbVie stock options with a value of \$3,845,343, (ii) 164,713 shares of AbbVie restricted stock with a value of \$10,314,328, (iii) 99,517 AbbVie restricted stock units with a value of \$6,231,755, and (iv) 142,166 AbbVie performance shares with a value of \$8,902,435.

Edgar Filing: AbbVie Inc. - Form PRE 14A

Mr. Chase would have vested in (i) 200,159 unvested AbbVie stock options with a value of \$1,362,714, (ii) 55,283 shares of AbbVie restricted stock with a value of \$3,461,821, (iii) 37,205 AbbVie restricted stock units with a value of \$2,329,777, and (iv) 53,150 AbbVie performance shares with a value of \$3,328,253.

**EXECUTIVE COMPENSATION**

Ms. Schumacher would have vested in (i) 178,643 unvested AbbVie stock options with a value of \$1,217,588, (ii) 53,010 shares of AbbVie restricted stock with a value of \$3,319,486, (iii) 30,590 AbbVie restricted stock units with a value of \$1,915,546, and (iv) 43,700 AbbVie performance shares with a value of \$2,736,494.

Mr. Gosebruch would have vested in (i) 83,959 unvested AbbVie stock options with a value of \$651,521, (ii) 60,699 shares of AbbVie restricted stock with a value of \$3,800,971, (iii) 32,749 AbbVie restricted stock units with a value of \$2,050,711, and (iv) 46,783 AbbVie performance shares with a value of \$2,929,551.

Dr. Severino would have vested in (i) 186,413 unvested AbbVie stock options with a value of \$1,176,964, (ii) 82,449 shares of AbbVie restricted stock with a value of \$5,162,956, (iii) 35,875 AbbVie restricted stock units with a value of \$2,246,493, and (iv) 51,250 AbbVie performance shares with a value of \$3,209,275.

The value of stock options shown is based on the excess of the closing price of one share of common stock on December 30, 2016 over the exercise price of such options, multiplied by the number of unvested stock options held by the NEO. The value of restricted stock, restricted stock units and performance shares shown is determined by multiplying the number of shares or units that would vest as of December 31, 2016 in accordance with the applicable equity award agreement terms and the closing price of one share of common stock on December 30, 2016.

Table of Contents

The audit committee of the board of directors is directly responsible for the appointment, compensation, retention and oversight of the independent registered public accounting firm retained to audit the company's financial statements. On October 13, 2016, the audit committee appointed Ernst & Young LLP to perform independent audit services for the fiscal year ending December 31, 2017. Ernst & Young LLP has served as our independent registered public accounting firm since 2013. In conjunction with the periodic mandated rotation of the audit firm's lead engagement partner, the chair of the audit committee would be involved in the selection of a new lead engagement partner. Further, the audit committee will periodically consider whether there should be a regular rotation of the independent registered public accounting firm.

Although the audit committee has sole authority to appoint the independent registered public accounting firm, it would like to know the opinion of the stockholders regarding its appointment of Ernst & Young LLP for 2017. For this reason, stockholders are being asked to ratify this appointment. If the stockholders do not ratify the appointment of Ernst & Young LLP for 2017, the audit committee will take that fact into consideration, but may, nevertheless, continue to retain Ernst & Young LLP. The audit committee and the board believe that the continued retention of Ernst & Young LLP to serve as the company's independent registered public accounting firm is in the best interests of the company and its stockholders.

Representatives of Ernst & Young LLP are expected to be present at the Annual Meeting and will be given the opportunity to make a statement if they desire to do so. They will also be available to respond to appropriate questions.

**The board of directors recommends that you vote FOR ratification of the appointment of Ernst & Young LLP as AbbVie's independent registered public accounting firm for 2017.**

Table of Contents**Audit Fees and Non-Audit Fees**

The following table presents fees for professional audit services rendered to AbbVie by Ernst & Young LLP for the years ended December 31, 2016 and December 31, 2015, and fees for other services rendered to AbbVie by Ernst & Young LLP for that period.

	2016 (millions)	2015 (millions)
Audit fees: <sup>(1)</sup>	\$10.5	\$11.6
Audit related fees: <sup>(2)</sup>	0.3	0.3
Tax fees: <sup>(3)</sup>	2.3	6.9
All other fees: <sup>(4)</sup>	1.0	0.5
<b>Total</b>	<b>\$14.1</b>	<b>\$19.3</b>

- (1) Ernst & Young LLP billed or will bill AbbVie for professional services rendered for the audit of AbbVie's annual financial statements, the review of AbbVie's financial statements included in AbbVie's quarterly reports, the audits of AbbVie's internal control over financial reporting, statutory and subsidiary audits, the review of documents filed with the Securities and Exchange Commission, comfort letters, consents and certain accounting consultations in connection with the audits.
- (2) Audit related fees include audits of certain employee benefit plan financial statements and other agreed upon procedures.
- (3) Tax fees consist principally of professional services for corporate tax compliance, expatriate tax compliance and tax advisory services.
- (4) Other fees represent Independent Review Organization services.

**Policy on Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of the Independent Registered Public Accounting Firm**

The audit committee has established policies and procedures to pre-approve all audit and permissible non-audit services performed by the independent registered public accounting firm and its related affiliates.

Prior to engagement of the independent registered public accounting firm for the next year's audit, management will submit a schedule of all proposed permissible services expected to be rendered during that year for each of four categories of services to the audit committee for approval.

Prior to engagement, the audit committee pre-approves these services by category of service. The fees are budgeted and the audit committee requires the independent registered public accounting firm and management to report actual fees versus the budget periodically by category of service. During the year, circumstances may arise when it may become necessary to engage the independent registered public



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

accounting firm for additional services not contemplated in the original pre-approval. In those instances, the audit committee requires specific pre-approval before engaging the independent registered public accounting firm.

The audit committee may delegate pre-approval authority to one or more of its members. The member to whom such authority is delegated must report any pre-approval decisions to the audit committee at its next scheduled meeting.

Table of Contents

**AUDIT INFORMATION**

**Audit Committee Report**

Management is responsible for the preparation and integrity of AbbVie's consolidated financial statements. The independent registered public accounting firm is responsible for performing an audit of the consolidated financial statements and expressing an opinion on the conformity of those financial statements with accounting principles generally accepted in the United States of America. The audit committee reviews these processes on behalf of the board of directors. In this context, the audit committee has reviewed and discussed the audited financial statements contained in the 2016 Annual Report on Form 10-K with AbbVie's management and its independent registered public accounting firm.

The audit committee has discussed with the independent registered public accounting firm the matters required to be discussed pursuant to the Public Company Accounting Oversight Board Auditing Standard No. 16, *Communication with Audit Committees*.

The audit committee has received the written disclosures and the letter from the independent registered public accounting firm required by the applicable requirements of the Public Company Accounting Oversight Board regarding the independent registered public accounting firm's communications with the audit committee concerning independence, and has discussed with the independent registered public accounting firm the firm's independence. The audit committee has also considered whether the provision of non-audit services is compatible with maintaining the independence of the independent registered public accounting firm.

Based on the review and discussions referred to above, the audit committee recommended to the board of directors that the audited financial statements be included in AbbVie's Annual Report on Form 10-K for the year ended December 31, 2016 filed with the Securities and Exchange Commission.

*Audit Committee*

R. Austin, Chair, W. Burnside, E. Rapp, and F. Waddell

Table of Contents

Stockholders are being asked to approve the compensation of AbbVie's named executive officers, as disclosed under Securities and Exchange Commission rules, including the Compensation Discussion and Analysis, the compensation tables and related material included in this proxy statement.

The independent compensation committee of the board of directors, with the counsel of its independent compensation consultant, has thoroughly examined AbbVie's programs, the company's performance related to our industry and peer group, and market factors. The committee has determined that the specific pay decisions for the named executive officers are appropriate given the company's performance, the executives' contributions, and our stockholders' interests.

While this vote is advisory and non-binding, the board of directors and the compensation committee value the opinion of the stockholders and will review the voting results and take them into account when future compensation decisions are made.

**Accordingly, the board of directors recommends that you vote FOR the approval of the named executive officers' compensation.**

Table of Contents

Currently, AbbVie's Amended and Restated Certificate of Incorporation (the "Certificate of Incorporation") provides for a classified board of directors divided into three classes of directors, with each class elected for three-year terms.

After considering the advantages and disadvantages of declassification, including through an open dialogue with our stockholders, the board has determined it is in the best interests of the company and its stockholders to amend the company's Certificate of Incorporation and the Amended and Restated By-Laws (the "By-Laws") to declassify the board. This will result in a fully declassified board by the 2020 Annual Meeting.

The proposed amendment to the Certificate of Incorporation would eliminate the classification of the board over a three-year period beginning at the 2018 Annual Meeting with directors elected to a one-year term following the expiration of the directors' existing terms and provide for the annual election of all directors beginning at the 2020 Annual Meeting. The proposed amendment to the Certificate of Incorporation would become effective upon the filing of a Certificate of Amendment with the Secretary of State of the State of Delaware, which the company would file promptly following the 2017 Annual Meeting if our stockholders approve the amendment. The proposed amendment would not change the present number of directors or the board's authority to change that number and to fill any vacancies or newly created directorships.

Delaware law provides, unless otherwise addressed in the certificate of incorporation, that members of a board that is classified may be removed only for cause. The proposed amendment would provide that once the AbbVie board is fully declassified as of the 2020 Annual Meeting, directors may be removed with or without cause.

The proposed Certificate of Amendment to the Certificate of Incorporation is attached to this proxy statement as **Appendix A**. The affirmative vote of the holders of 80 percent of the outstanding shares of stock entitled to vote generally in the election of directors on the Record Date is required to approve this proposal pursuant to the Certificate of Incorporation. If our stockholders approve the proposed amendment to the Certificate of Incorporation, the board will make certain conforming changes to the company's By-Laws.

**The board of directors recommends that you vote FOR the management proposal to amend the Certificate of Incorporation to declassify the board of directors for annual elections.**

Table of Contents

Two stockholder proposals will be voted upon at the Annual Meeting if properly presented by or on behalf of the proponent. The address of each of the proponents is available upon request. The proposed resolutions and the statements made in support thereof, as well as the Board of Directors' statements in opposition to these proposals, are presented on the following pages. The proposal may contain assertions about AbbVie or other statements that we believe are incorrect.

**The board of directors recommends that you vote AGAINST the proposals for the reasons set forth following the proposals.**

**Stockholder Proposal on Lobbying Report (Item 5 on Proxy Card)**

Zevin Asset Management, on behalf of William Creighton, and co-filer UAW Retiree Medical Benefits Trust have notified AbbVie that it intends to present the following proposal at the Annual Meeting and that they collectively own 797,026 AbbVie shares.

**Whereas**, we believe in full disclosure of AbbVie's direct and indirect lobbying activities and expenditures to assess whether AbbVie's lobbying is consistent with AbbVie's expressed goals and in the best interests of stockholders.

**Resolved**, the stockholders of AbbVie request the preparation of a report, updated annually, disclosing:

1. Company policy and procedures governing lobbying, both direct and indirect, and grassroots lobbying communications.
2. Payments by AbbVie used for (a) direct or indirect lobbying or (b) grassroots lobbying communications, in each case including the amount of the payment and the recipient.
3. AbbVie's membership in and payments to any tax-exempt organization that writes and endorses model legislation.
4. Description of management's decision making process and the Board's oversight for making payments described in section 2 above.

For purposes of this proposal, a "grassroots lobbying communication" is a communication directed to the general public that (a) refers to specific legislation or regulation, (b) reflects a view on the legislation or regulation and (c) encourages the recipient of the communication to take action with respect to the legislation or regulation. "Indirect lobbying" is lobbying engaged in by a trade association or other organization of which AbbVie is a member.

Both "direct and indirect lobbying" and "grassroots lobbying communications" include efforts at the local, state and federal levels.

The report shall be presented to the Audit Committee or other relevant oversight committees and posted directly on AbbVie's website.

**Supporting Statement**

As stockholders, we encourage transparency and accountability in the use of corporate funds to influence legislation and regulation. AbbVie spent \$11.4 million in 2015 and 2016 on direct federal lobbying activities (opensecrets.org). This figure does not include lobbying expenditures to influence legislation in states. AbbVie lobbies at



Table of Contents

**STOCKHOLDER PROPOSALS**

the state level but disclosure is uneven or absent. For example, AbbVie spent \$798,829 on lobbying in California in 2015 and 2016.

AbbVie is a member of the Chamber of Commerce, which spent over \$79 million lobbying in 2016 and has spent over \$1.2 billion on lobbying since 1998. AbbVie is also a member of the Pharmaceutical Research and Manufacturers of America (PhRMA) and the Business Roundtable, which together spent over \$52 million on lobbying in 2015 and 2016. AbbVie's membership in PhRMA has attracted press scrutiny ("Generics Giant Teva Join PhRMA? AbbVie, Others Aren't Having It," *FiercePharma*, July 5, 2016).

Investors are concerned that AbbVie does not disclose total state and federal lobbying expenditures nor the portion of its trade association payments used for lobbying. More transparent reporting would reveal whether company assets are being used for objectives contrary to AbbVie's long-term interests. For example, AbbVie supports smoking cessation, yet the Chamber has worked to block global antismoking laws and advance the tobacco industry's domestic priorities ("U.S. Chamber Works Globally to Fight Antismoking Measures," *New York Times*, June 30, 2015; "Big Tobacco's Staunch Friend in Washington: U.S. Chamber of Commerce," *New York Times*, October 9, 2015).

**Board of Directors Statement in Opposition to the Stockholder Proposal on Lobbying Report (Item 5 on Proxy Card)**

The Board of Directors recommends that stockholders vote **AGAINST** this proposal. This proposal is unnecessary, because AbbVie already makes extensive disclosures regarding our lobbying and political activities as required by law and we voluntarily disclose additional related information on our website, as outlined below. AbbVie has already demonstrated transparency with respect to lobbying activities and strong risk mitigation procedures governing such activities. The preparation and maintenance of an additional report, as proposed, is neither a good use of resources, nor would it increase stockholder value.

**The Board, through its Public Policy Committee, exercises oversight of AbbVie's political and lobbying activities.**

The Board of Directors Public Policy Committee exercises oversight of AbbVie's political expenditures and lobbying activities, as specifically enumerated in the Committee's charter, and further governed by the Committee's approved policy on political contributions. The Public Policy Committee and AbbVie's senior management review these activities and expenditures on a regular basis.

Our Executive Vice President, External Affairs, who reports directly to the CEO, and our Vice President, Government Affairs, each review and approve all plans for corporate political contributions and lobbying at the recommendation of AbbVie's Government Affairs function to ensure that these activities are consistent with the company's guidelines and comply with applicable laws.

We believe this approach, as explained on our website, minimizes risk and reflects our guiding commitment to transparency, stewardship of corporate and stockholder funds, sound corporate practice, and high standards of ethical conduct.

**AbbVie already makes extensive disclosures regarding lobbying and political activities and has been recognized by a leading organization for transparency in this area.**

Since our launch as a new public company in 2013, AbbVie has provided robust transparency through the disclosures described below. AbbVie's website describes our oversight process and our guiding principles for lobbying and political activities. We pursue activities that shape policies to benefit patients, with a focus on improving patient access to new therapeutic advances.

Edgar Filing: AbbVie Inc. - Form PRE 14A

AbbVie files quarterly reports that include (i) total federal lobbying expenditures, (ii) the name of the legislation or subject matter covered, (iii) individuals who lobbied on behalf of AbbVie, and (iv) identification

62

I 2017 Proxy Statement

---



## STOCKHOLDER PROPOSALS

of the legislative body or executive branch that was contacted, in compliance with the Lobbying Disclosure Act. These reports include expenses associated with lobbying the federal government and the portion of trade association dues associated with federal lobbying. AbbVie provides links to these reports on our website at <http://www.abbvie.com/responsibility/transparency-policies/home.html#cpc>. We file similar publicly-available lobbying reports with state and local agencies as required by law.

In 2016, AbbVie enhanced our website with a comprehensive list of our state lobbying reports with direct links to our state filings or the relevant database.

AbbVie also provides a listing of corporate contributions to political candidates, political parties, political committees, ballot measure committees, and organizations operating under Section 527 of the Internal Revenue Code. These reports are updated every six months and are archived for reference on our website identified above.

AbbVie does not currently make direct expenditures toward U.S. federal or state grassroots lobbying communications to the general public and does not currently contribute funds intended for use in elections to tax-exempt organizations under Section 501(c)(4) of the Internal Revenue Code, as disclosed on our website. If such a contribution were made, it would be enumerated in AbbVie's reports on other corporate political contributions.

AbbVie discloses trade associations to which AbbVie provides \$50,000 or more in annual membership, which are reviewed by the Public Policy Committee. This threshold was lowered in 2016 from \$100,000. AbbVie also posts a list of global trade associations in which an AbbVie employee serves on the organization's board of directors. Both of these lists are available on our website. AbbVie chooses to participate as a member of various associations based on our commitment to voice our concerns as appropriate through our colleagues who serve on the boards and committees of these groups. Such participation does not imply that we always agree with the positions of the larger organization and/or other members.

AbbVie also provides a link to the Federal Election Commission reports of the AbbVie Political Action Committee ("PAC"), which detail the PAC's political contributions and expenditures.

In part due to the extensive disclosures described above, AbbVie is listed in the first tier of companies providing the highest level of political transparency and accountability in the 2016 CPA-Zicklin Index of Corporate Political Accountability and Disclosure as we have been for the past three years.

Attempting to quantify indirect lobbying would be difficult to estimate and potentially misleading to stockholders as AbbVie is not directing the lobbying activities of trade, civic or patient groups. Further, it would be difficult for us to determine which third parties may endorse model legislation and whether such activities fall within the proposal's request.

In summary, our robust oversight mechanisms and extensive disclosures address the concerns underlying the proposal, but without the unnecessary business risks and additional resources the proposal would introduce if implemented.

**The Board of Directors recommends that you vote AGAINST the proposal.**



Table of Contents

**STOCKHOLDER PROPOSALS**

**Stockholder Proposal to Separate Chair and CEO (Item 6 on Proxy Card)**

The Congregation of Sisters of St. Agnes has notified AbbVie that it intends to present the following proposal at the Annual Meeting and that the proponent owns 38 AbbVie shares.

**RESOLVED:** The shareholders request the Board of Directors to adopt as policy, and amend the bylaws as necessary, to require the Chair of the Board of Directors, whenever possible, to be an independent member of the Board. This policy would be phased in for the next CEO transition.

If the Board determines that a Chair who was independent when selected is no longer independent, the Board shall select a new Chair who satisfies the requirements of the policy within a reasonable amount of time. Compliance with this policy is waived if no independent director is available and willing to serve as Chair.

**Supporting Statement:**

We believe:

The role of the CEO and management is to run the company.

The role of the Board of Directors is to provide independent oversight of management and the CEO.

There is a potential conflict of interest for a CEO to be her/his own overseer as Chair while managing the business.

AbbVie's CEO Richard A. Gonzalez serves both as CEO and Chair of the Company's Board of Directors. We believe the combination of these two roles in a single person weakens a corporation's governance structure, which can harm shareholder value.

As Andrew Grove, Intel's former chair, stated, "The separation of the two jobs goes to the heart of the conception of a corporation. Is a company a sandbox for the CEO, or is the CEO an employee? If he's an employee, he needs a boss, and that boss is the Board. The Chairman runs the Board. How can the CEO be his own boss?"

In our view, shareholders are best served by an independent Board Chair who can provide a balance of power between the CEO and the Board empowering strong Board leadership. The primary duty of a Board of Directors is to oversee the management of a company on behalf of shareholders. We believe a combined CEO / Chair creates a potential conflict of interest, resulting in excessive management influence on the Board and weaker oversight of management.

Numerous institutional investors recommend separation of these two roles. For example, California's Retirement System CalPERS' Principles & Guidelines encourage separation, even with a lead director in place.

According to ISS "2015 Board Practices", (April 2015), 53% of S&P 1,500 firms separate these two positions and the number of companies separating these roles is growing.

Chairing and overseeing the Board is a time intensive responsibility. A separate Chair also frees the CEO to manage the company and build effective business strategies.

Many companies have separate and/or independent Chairs. An independent Chair is the prevailing practice in the United Kingdom and is an increasing trend in the U.S.

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

Shareholder resolutions urging separation of CEO and Chair received approximately 33% in 2015 and 31% in 2016, an indication of strong investor support.

To simplify the transition, this policy would be phased in and implemented when the next CEO is chosen.

Table of Contents

**STOCKHOLDER PROPOSALS**

**Board of Directors Statement in Opposition to the Stockholder Proposal to Separate Chair and CEO (Item 6 on Proxy Card)**

The Board of Directors recommends that stockholders vote **AGAINST** this proposal.

**Our Board of Directors believes that our stockholders are best served by preserving the flexibility to determine the appropriate leadership structure for the company in light of the circumstances at the time.**

The proposal would unnecessarily restrict the Board's ability to determine the leadership structure best suited to AbbVie and our stockholders and would not allow the Board to consider the specific circumstances and needs of AbbVie at a particular time.

Our Board carefully considers the independence of its directors and committees, the availability of an engaged strong lead independent director, the strategic plan, and the leadership of the CEO. It is important that our Board continue to be able to assess these relevant factors, in fulfillment of its fiduciary duty, to determine the leadership structure best suited to meet the needs of AbbVie. Further, our Board is committed to periodically reviewing the Board's leadership structure.

**AbbVie's existing leadership structure and corporate governance practices provide strong independent oversight.**

AbbVie has a robust lead independent director role. The lead independent director is chosen by and from the independent members of the full Board of Directors and has significant authority and responsibilities to ensure meaningful independent leadership of the Board. Among other duties, our lead independent director:

facilitates communication with the Board and presides over regularly conducted executive sessions of the independent directors or sessions where the chairman of the Board is not present;

reviews and approves matters, such as agenda items, schedule sufficiency, and, where appropriate, information provided to other Board members;

serves as the liaison between the chairman of the Board and the independent directors;

has the authority to call meetings of the independent directors;

if requested by major stockholders, ensures that he or she is available for consultation and direct communication as needed; and

performs such other duties as the Board may determine from time to time.

All directors, other than the CEO, are independent. All key committees and committee chairs are comprised completely of independent directors. Our independent directors meet regularly in executive session, which is presided over by the lead director, as set forth in our Governance Guidelines available on our website. Our directors are subject to majority voting as set forth in our By-Laws.

**The Board carefully considers AbbVie's leadership structure and has determined that the existing leadership structure best serves the needs of the company and its stockholders at this time.**

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

In light of the lead independent director authority and responsibilities and other corporate governance practices outlined above, the Board has determined that its current leadership structure, in which the offices of chairman of the Board and chief executive officer are held by one individual and the chair of the nominations and governance committee serves as the lead director, ensures that 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.

Table of Contents

## STOCKHOLDER PROPOSALS

In summary, the proposal would unnecessarily restrict the independent Board members' flexibility, regardless of circumstances, to appoint the individual they think is the most appropriate person to serve as Chair, even with a balanced, strong lead independent director structure. These undue restrictions on the Board, in light of AbbVie's robust independent oversight mechanisms, are not in the best interests of stockholders.

**The Board of Directors recommends that you vote AGAINST the proposal.**

66

| *2017 Proxy Statement*

---

Table of Contents

### **Corporate Governance Materials**

AbbVie's corporate governance guidelines with the outline of directorship qualifications; director independence guidelines; code of business conduct; and audit committee, compensation committee, nominations and governance committee, and public policy committee charters are all available in the corporate governance section of AbbVie's investor relations website at [www.abbvieinvestor.com](http://www.abbvieinvestor.com).

### **Procedures for Approval of Related Person Transactions**

It is AbbVie's policy that the nominations and governance committee review, approve, ratify or disapprove of all transactions in which AbbVie participates and in which any related person has a direct or indirect material interest if such transaction involves or is expected to involve payments of \$120,000 or more in the aggregate per fiscal year. Related person transactions requiring review by the nominations and governance committee pursuant to this policy are identified in:

questionnaires annually distributed to AbbVie's directors and executive officers;

certifications submitted annually by AbbVie executive officers related to their compliance with AbbVie's Code of Business Conduct; or

communications made directly by the related person to the chief financial officer or general counsel.

In determining whether to approve or ratify a related person transaction, the nominations and governance committee will consider the following items, among others:

the related person's relationship to AbbVie and interest in the transaction;

the material facts of the transaction, including the aggregate value of such transaction or, in the case of indebtedness, the amount of principal involved;

the benefits to AbbVie of the transaction;

if applicable, the availability of other sources of comparable products or services;

an assessment of whether the transaction is on terms that are comparable to the terms available to an unrelated third party or to employees generally;



Edgar Filing: AbbVie Inc. - Form PRE 14A

whether a transaction has the potential to impair director independence; and

whether the transaction constitutes a conflict of interest.

This process is included in the nominations and governance committee's written charter, which is available on the corporate governance section of AbbVie's investor relations website at [www.abbvieinvestor.com](http://www.abbvieinvestor.com).

Table of Contents

## **ADDITIONAL INFORMATION**

### **Section 16(a) Beneficial Ownership Reporting Compliance**

AbbVie believes that during 2016 its executive officers and directors timely complied with all filing requirements under Section 16(a) of the Securities Exchange Act of 1934, except that one Form 4 reporting the receipt of stock equivalent units for each director who received stock equivalent units during 2016 was not timely filed due to administrative error by the company.

### **Performance-Based Compensation Arrangements**

The Performance Incentive Plan and the Incentive Stock Program are intended to comply with Internal Revenue Code Section 162(m) to permit deductibility of performance-based compensation.

The compensation committee reserves the flexibility to take actions that may be based on considerations in addition to tax deductibility. The committee believes that stockholder interests are best served by not restricting the committee's discretion and flexibility in crafting compensation programs, even if such programs may result in certain non-deductible compensation expenses. Accordingly, the committee may from time to time approve components of compensation for certain executive officers that are not deductible.

While the compensation committee does not anticipate there would ever be circumstances where a restatement of earnings upon which any incentive plan award decisions were based would occur, the committee, in evaluating such circumstances, has discretion to take all actions necessary to protect the interests of stockholders up to and including actions to recover such incentive awards.

### **Exclusive Forum**

AbbVie is incorporated in the state of Delaware and Delaware law governs the relationship among its directors, officers, and stockholders (also known as the internal affairs doctrine). To provide for the orderly, efficient and cost-effective resolution of Delaware-law issues affecting AbbVie, the company's Certificate of Incorporation provides that unless the board of directors otherwise determines, Delaware courts are the exclusive forum for cases involving the internal affairs doctrine, derivative actions brought on behalf of the company, claims for breach of fiduciary duty, and other matters concerning Delaware statutory and common law. The provision does not apply to any other cases brought against AbbVie.

### **Other Matters**

The board of directors knows of no other business to be transacted at the 2017 Annual Meeting of Stockholders, but if any other matters do come before the meeting, it is the intention of the persons named in the accompanying proxy to vote or act with respect to them in accordance with their best judgment.

### **Date for Receipt of Stockholder Proposals for the 2018 Annual Meeting Proxy Statement**

Stockholder proposals for presentation at the 2018 Annual Meeting must be received by AbbVie no later than November 21, 2017 and must otherwise comply with the applicable requirements of the Securities and Exchange Commission to be considered for inclusion in the proxy statement and proxy for the 2018 meeting.

**Procedure for Recommendation and Nomination of Directors and Transaction of Business at Annual Meeting**

A stockholder may recommend persons as potential nominees for director by submitting the names of such persons in writing to the secretary of AbbVie. Recommendations must be accompanied by certain information about both the nominee and the stockholder making the nomination, as set forth in AbbVie's Amended and Restated By-Laws. A nominee who is recommended by a stockholder following these procedures will receive the same consideration as other comparably qualified nominees.

Table of Contents

**ADDITIONAL INFORMATION**

A stockholder entitled to vote for the election of directors at an Annual Meeting and who is a stockholder of record on:

the record date for that Annual Meeting,

the date of this proxy statement, and

the date of the Annual Meeting

may nominate persons for director, or make proposals of other business to be brought before the Annual Meeting, by providing proper timely written notice to the secretary of AbbVie. That notice must include certain information required by Article II of AbbVie's Amended and Restated By-Laws, including information about the stockholder, any beneficial owner on whose behalf the nomination or proposal is being made, their respective affiliates or associates or others acting on concert with them, and any proposed director nominee.

For each matter the stockholder proposes to bring before the Annual Meeting, the notice must also include a brief description of the business to be discussed, the reasons for conducting such business at the Annual Meeting, any material interest of the stockholder in such business and certain other information specified in the By-Laws. In addition, in the case of a director nomination, the notice must include a completed and signed questionnaire, representation and agreement of the nominee addressing matters specified in the By-Laws.

To be timely, written notice either to directly nominate persons for director or to bring business properly before the Annual Meeting must be received at AbbVie's principal executive offices not less than ninety days and not more than one hundred twenty days prior to the anniversary date of the preceding Annual Meeting. If the Annual Meeting is called for a date that is more than thirty days before or sixty days after such anniversary date, notice by the stockholder must be received not less than ninety days and not more than one hundred twenty days prior to the date of such Annual Meeting and not later than the close of business on the later of ninety days prior to the date of such Annual Meeting, or, if the first public announcement of the date of such Annual Meeting is less than one hundred days prior to the date of such Annual Meeting, the tenth day following the day on which public announcement of the date of such meeting is first made by AbbVie. To be timely for the 2018 Annual Meeting, this written notice must be received by AbbVie no later than February 5, 2018.

In addition, the notice must be updated and supplemented, if necessary, so that the information provided or required to be provided is true and correct as of the record date for the Annual Meeting and as of the date that is ten business days prior to the meeting. Any such update or supplement must be delivered to the secretary of AbbVie at AbbVie's principal executive offices not more than five business days after the record date for the Annual Meeting, and not less than eight business days before the date of the Annual Meeting in the case of any update or supplement required to be made as of ten business days prior to the Annual Meeting.

**Procedure for Stockholder Nominations to be Included in AbbVie's Proxy Materials**

AbbVie recently adopted a proxy access By-Law provision to permit a stockholder, or a group of up to 20 stockholders, continuously owning shares of our company for at least 3 years and representing an aggregate of at least 3% of the outstanding shares of common stock, to nominate and include in our proxy materials director nominee(s) constituting up to 25% of the total number of the directors in office, provided that the stockholder(s) and the nominee(s) satisfy the requirements in our By-Laws. Notice must include certain information required by Article II of AbbVie's Amended and Restated By-Laws. To be timely, written notice must be received at AbbVie's principal executive offices not earlier than 150 days and not later than 120 days before the anniversary of the date that the company mailed its proxy statement for the prior year's annual meeting of stockholders. To be timely for the 2018 Annual Meeting, this written notice must be received by AbbVie no later than November 21, 2017 and must include the specific information required by, and otherwise comply with the requirements of, our By-Laws.



## ADDITIONAL INFORMATION

### Householding of Proxy Materials

The Securities and Exchange Commission has adopted rules that permit companies and intermediaries (such as brokers or banks) to satisfy the delivery requirements for proxy statements with respect to two or more security holders sharing the same address by delivering a single Notice or proxy statement addressed to those security holders. This process, which is commonly referred to as "householding," potentially provides extra convenience for security holders and cost savings for companies.

Several brokers and banks with accountholders who are AbbVie stockholders will be "householding" our proxy materials. As indicated in the notice provided by these brokers to AbbVie stockholders, a single proxy statement will be delivered to multiple stockholders sharing an address unless contrary instructions have been received from an affected stockholder. Once you have received notice from your broker that it will be "householding" communications to your address, "householding" will continue until you are notified otherwise or until you revoke your consent. If, at any time, you no longer wish to participate in "householding" and you prefer to receive a separate proxy statement, please notify your broker, or contact Broadridge Financial Solutions at 1-866-540-7095, or write to us at Investor Relations, AbbVie Inc., 1 North Waukegan Road, North Chicago, Illinois 60064. Stockholders who currently receive multiple copies of the proxy statement at their address and would like to request "householding" of their communications should contact their broker or bank.

### Cautionary Statement Regarding Forward-Looking Statements

This proxy statement contains certain forward-looking statements regarding business strategies, market potential, future financial performance and other matters. The words "believe," "expect," "anticipate," "project" and similar expressions, among others, generally identify "forward-looking statements," which speak only as of the date the statements were made. The matters discussed in these forward-looking statements are subject to risks, uncertainties and other factors that may cause actual results to differ materially from those projected, anticipated or implied in the forward-looking statements. Where, in any forward-looking statement, an expectation or belief as to future results or events is expressed, such expectation or belief is based on the current plans and expectations of AbbVie management and expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the expectation or belief will result or be achieved or accomplished. Factors that could cause actual results or events to differ materially from those anticipated include the matters described in AbbVie's Annual Report on Form 10-K for the year ended December 31, 2016 under Item 1A, "Risk Factors" and Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations." AbbVie does not undertake any obligation to update the forward-looking statements included in this proxy statement to reflect events or circumstances after the date hereof, unless AbbVie is required by applicable securities law to do so.

### General

It is important that proxies be returned promptly. Stockholders are urged to vote, regardless of the number of shares of AbbVie common stock owned. Stockholders may vote by telephone, by Internet, or by mail if a printed version of the proxy card was received or requested. Stockholders who vote by telephone or the Internet do not need to return a proxy card.

The Annual Meeting will be held at the Fairmont Chicago, Millennium Park, 200 North Columbus Drive, Chicago, Illinois 60601. Admission to the meeting will be by admission card only. A stockholder planning to attend the meeting should promptly complete and return the reservation form. Reservation forms must be received before April 28, 2017. An admission card admits only 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



Table of Contents**Appendix A****Proposed Certificate of Amendment to the Amended and Restated Certificate of Incorporation of AbbVie Inc.**

The text of the proposed amendment is marked to reflect the proposed changes.

AbbVie Inc., a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware (the "Corporation"), does hereby certify:

- Sections 2, 3, and 4 of Article VI of AbbVie's Amended and Restated Certificate of Incorporation are amended to read as follows:

Section 2. Classes of Directors. Subject to the rights of the holders of any series of Preferred Stock to elect directors under specified circumstances, the directors shall, until the annual meeting of stockholders to be held in 2020, be divided, with respect to the time for which they severally hold office, into three classes, as nearly equal in number as is reasonably possible, ~~with~~ The term of office of the class of directors elected at the annual meeting of stockholders in 2017 shall first class to expire at the ~~2020~~ 2013 annual meeting of stockholders, the term of office of the class of directors elected at the annual meeting of stockholders held in 2018 shall second class to expire at the ~~2019~~ 2014 annual meeting of stockholders and the term of office of the ~~third class to~~ class of directors elected at the annual meeting of stockholders held in 2019 shall expire at the ~~2020~~ 2015 annual meeting of stockholders, with each director to hold office until his or her successor shall have been duly elected and qualified. At each annual meeting of stockholders, commencing with the ~~2013~~ annual meeting, (a) directors elected to succeed those directors whose terms then expire shall be elected for a term of office to expire at the ~~third succeeding~~ annual meeting of stockholders held in the year following the year of ~~after~~ their election, with each director to hold office until his or her successor shall have been duly elected and qualified, and (b) if authorized by a resolution of the Board of Directors, directors may be elected to fill any vacancy on the Board of Directors, regardless of how such vacancy shall have been created.

Section 3. Vacancies. Subject to applicable law and the rights of the holders of any series of Preferred Stock with respect to such series of Preferred Stock, and unless the Board of Directors otherwise determines, vacancies resulting from death, resignation, retirement, disqualification, removal from office or other cause, and newly created directorships resulting from any increase in the authorized number of directors, may be filled only by the affirmative vote of a majority of the remaining directors, though less than a quorum of the Board of Directors, and in the event that there is only one director remaining in office, by such sole remaining director, and directors so chosen shall hold office ~~for a term expiring at the annual meeting of stockholders at which the term of office of the class to which they have been appointed expires and~~ until such director's successor shall have been duly elected and qualified and, if the Board of Directors at such time is classified, for a term expiring at the annual meeting of stockholders at which the term of office of the class to which such director has been appointed expires.

Section 4. Removal. Except as provided in the subsequent sentence and subject to the rights of the holders of any series of Preferred Stock with respect to such series of Preferred Stock, any director, or the entire Board of Directors, may be removed from office at any time, with or without cause by the affirmative vote of the holders of at least a majority of the outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors. Notwithstanding the immediately preceding sentence, subject to the rights of the holders of any series of Preferred Stock with respect to such series of Preferred Stock, until the 2020 annual meeting of the stockholders, a director may be removed from office only for cause by the affirmative vote of the holders of at least a majority of the outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors. ~~Subject to the rights of the holders of any series of Preferred Stock with respect to such series of Preferred Stock, any director, or the entire Board of Directors, may be removed from office at any time but only for cause by the affirmative vote of the holders of at least a majority of the outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors.~~

- The foregoing amendment to the Amended and Restated Certificate of Incorporation of the Corporation was duly adopted in accordance with the provisions of Section 242 of the Delaware General Corporation Law.



Table of Contents

**Appendix A**

**IN WITNESS WHEREOF**, the Corporation has caused this Certificate of Amendment to the Amended and Restated Certificate of Incorporation to be executed by the undersigned officer, duly authorized, as of the      day of      2017.

**AbbVie Inc.**

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

Name:

Title:

**A-2**

| *2017 Proxy Statement*

---

Table of Contents**Appendix B**

**AbbVie Inc.**  
**Reconciliation of GAAP Reported to Non-GAAP Adjusted Information**  
**Year Ended December 31, 2016**  
**(Unaudited) (In millions, except per share data)**

**Non-GAAP Financial Results**

Financial results are presented on both a reported and a non-GAAP basis. Reported results were prepared in accordance with GAAP and include all revenues and expenses recognized during the period. Non-GAAP results adjust for certain non-cash items and for factors that are unusual or unpredictable, and exclude those costs, expenses, and other specified items. AbbVie's management believes non-GAAP financial measures provide useful information to investors regarding AbbVie's results of operations and assist management, analysts, and investors in evaluating the performance of the business. Non-GAAP financial measures should be considered in addition to, and not as a substitute for, measures of financial performance prepared in accordance with GAAP.

**Business Performance Highlights Reconciliations**

1. Net Revenues since 2013 Inception and Compound Annual Growth Rate

	2016	2015	2014	2013	2016-2013 CAGR
<b>As reported (GAAP)</b>	\$25,638	\$22,859	\$19,960	\$18,790	10.9%
Adjusted for specified items:	(78)	(40)	(81)		0.1%
<b>As adjusted (non-GAAP)</b>	\$25,560	\$22,819	\$19,879	\$18,790	10.8%

The 2016 specified revenue items included milestone revenue under previously announced collaborations and prior period royalty revenue related to a patent lawsuit settlement. The 2015 net revenue specified item represents a milestone payment received under a previously announced collaboration. The 2014 net revenue specified item reflects royalty income from prior periods recognized in the fourth quarter of 2014 as a result of the settlement of a licensing arrangement.

2. Diluted Earnings Per Share Compound Annual Growth Rate and Operating Margin Expansion since 2013 Inception

	Earnings Per Share			Operating Margin Expansion		
	2016	2013	2016-2013 CAGR	2016	2013	2016-2013 Expansion
<b>As reported (GAAP)</b>	\$3.63	\$2.56	12.4%	36.6%	30.1%	650 bps
Adjusted for specified items:	1.19	0.58	3.1%	5.8%	6.2%	(40 bps)
<b>As adjusted (non-GAAP)</b>	\$4.82	\$3.14	15.4%	42.4%	36.3%	610 bps

3. 2016 Net Revenues over 2015 Year End and Operating Margin Percentage

**Net Revenues      Operating Margin**

Edgar Filing: AbbVie Inc. - Form PRE 14A

<b>As reported (GAAP)</b>	12.2%	36.6%
Adjusted for specified and other items:	0.2%	5.8%
Adjusted for R&D investment related acquisitions in 2016:		0.9%
Adjusted for foreign exchange:	1.3%	2.6%
<b>As adjusted (non-GAAP)</b>	13.3%	45.9%

Table of Contents**Appendix B**

## 4. Diluted Earnings Per Share since 2013 Inception

	2016	2015	2014	2013
<b>As reported (GAAP)</b>	\$3.63	\$3.13	\$1.10	\$2.56
Adjusted for specified items:				
Intangible asset amortization	0.38	0.20	0.18	0.23
Separation costs		0.13	0.24	0.10
Milestones and other R&D expenses	0.05	0.26	0.48	
Acquired IPR&D	0.12	0.09	0.15	0.21
Acquisition related costs	0.16	0.25		
Shire transaction and termination costs		0.10	1.12	
Change in fair value of contingent consideration	0.14			
Venezuela devaluation loss	0.18			
Revaluation due to Section 987 tax law change	0.12			
Other	0.04	0.13	0.05	0.04
<b>As adjusted (non-GAAP)</b>	\$4.82	\$4.29	\$3.32	\$3.14

**2016 Performance Results for Financial Goals Reconciliations**

	Net Revenues	Income Before Taxes	Operating Margin	Humira Sales
<b>As reported (GAAP)</b>	\$25,638	\$7,884	\$9,384	\$16,078
Adjusted for specified items:	(78)	2,021	1,442	
Adjusted for foreign exchange:	(166)	121	146	(89)
<b>As adjusted (non-GAAP)</b>	\$25,394	\$10,026	\$10,972	\$15,989

The calculation of Adjusted Return on Assets reflects Adjusted Net Earnings.

Table of Contents

**AbbVie Inc.**  
**1 North Waukegan Road**  
**North Chicago, Illinois 60064 U.S.A.**

**Notice of Annual Meeting  
of Stockholders  
and Proxy Statement**

**Meeting Date**  
**May 5, 2017**

**YOUR VOTE IS IMPORTANT!**

Please sign and promptly return your proxy  
in the enclosed envelope or vote your  
shares by telephone or using the Internet.

**Reservation Form for Annual Meeting**

I am a stockholder of AbbVie Inc. and I plan to attend the Annual Meeting to be held at the Fairmont Chicago, Millennium Park, 200 North Columbus Drive, Chicago, Illinois 60601 at 9:00 a.m. CT on May 5, 2017.

Please send me an admission card for each of the following persons.

Name	Name
Address	Address
City	City
State	State
Zip Code	Zip Code
Phone Number (    )	Phone Number (    )

**If you plan to attend the meeting, please complete the Reservation Form and send it to AbbVie Inc., Annual Meeting Ticket Requests, AP34, 1 North Waukegan Road, North Chicago, Illinois 60064. Due to space limitations, Reservation Forms must be received before April 28, 2017. An admission card, along with a form of photo identification, admits one person. A stockholder may request two admission cards, but a guest must be accompanied by a stockholder.**

**To prevent a delay in the receipt of your admission card, do not return this form with your proxy card or mail it in the enclosed business envelope.**





































