abbvie

ABBVIE'S ACQUISITION OF PHARMACYCLICS

March 5, 2015

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Strategically Compelling Acquisition

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pharmacyclics®

Well-positioned for leadership in the large and rapidly growing oncology market

Companies well-aligned with complimentary strengths and assets

Significantly accelerates clinical and commercial presence in oncology

Combines the promising novel mechanisms for treatment of hematologic cancers: BTK inhibition; PI3K inhibition and Bcl-2 inhibition

Strong clinical expertise to develop novel combinations and next-generation therapies

A strategically compelling and financially attractive combination to drive significant shareholder value

Strong Strategic Fit

Complementary strategic capabilities:

- Pharmacyclics
  - Strong expertise in kinase biology and oncology discovery
  - Organizational expertise/capabilities in oncology development
  - Established strong commercial channel in hematological oncology
- AbbVie
  - Strong pre-clinical discovery and development capabilities in oncology, both small molecules and biologics
  - Complementary assets is hematological malignancies – Venetoclax, Duvelisib
  - Several late-stage development programs in solid tumors
  - Strong and deep expertise in immunology discovery, development, regulatory and medical affairs
  - Market leading channel presence in immunology

Pharmacyclics to be established as a standalone center of excellence

Combined wherewithal to rapidly develop the broad application of BTK across multiple hematological oncology indications, as well as immunology and solid tumors

Financially Compelling Opportunity

Provides financially attractive profile, with accretion beginning in 2017, accelerating to more than $0.60 per share in 2019, and ramping significantly thereafter

Exceeds our cost of capital hurdle rate by 2019, significantly exceeds it thereafter

Purchase price of $261.25 per share, funded with mix of debt and equity; issuance of equity preserves financial flexibility

AbbVie peak-year sales for IMBRUVICA estimated to exceed $7BN

Newly combined oncology franchise poised to drive peak-year sales well in excess of $20BN

Financial Details

- AbbVie to acquire Pharmacyclics for $261.25 per share in cash and stock
  - Represents 39% premium to the Pharmacyclics closing price on February 24, 2015
  - Implies transaction value of approximately $20.2BN net of cash acquired
- Pharmacyclics shareholders have option to elect 100% cash, 100% stock or a mix of cash and stock, subject to proration such that total consideration will be approximately 58% cash / 42% stock
  - Fixed value offer with equity component subject to a floating exchange ratio
- Promptly after close, intend to execute an accelerated share repurchase program to repurchase at least half of the equity issued for this transaction
  - Share repurchase authorization increased from $5BN to $10BN
- Committed debt financing to fund the cash purchase price and post-closing accelerated share repurchase program
- Approved by both companies' Board of Directors
- Closing expected in Q215 subject to regulatory approvals and other customary closing conditions

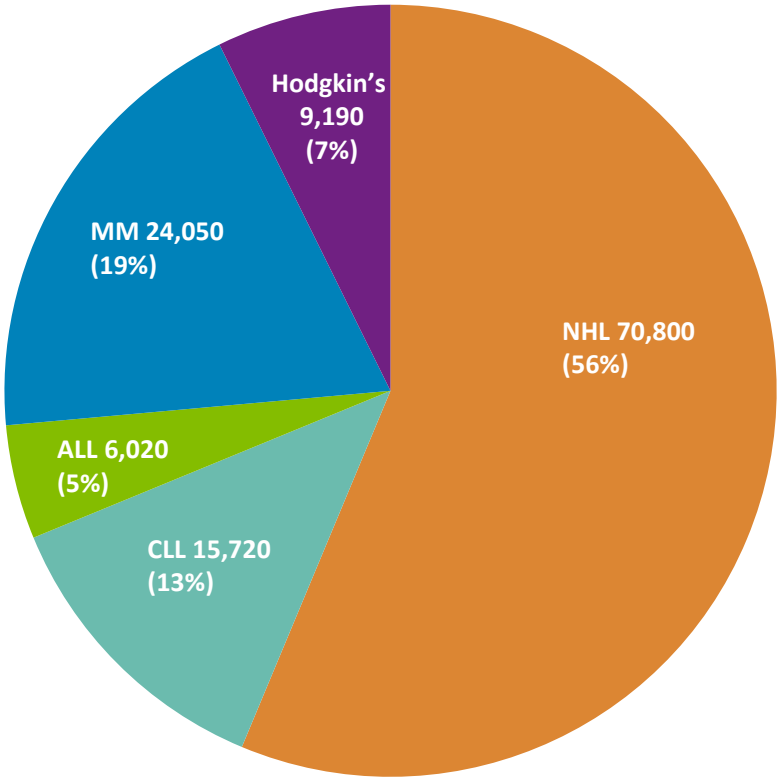
Strong Strategic Fit Drives Significant Value

Key Benefits

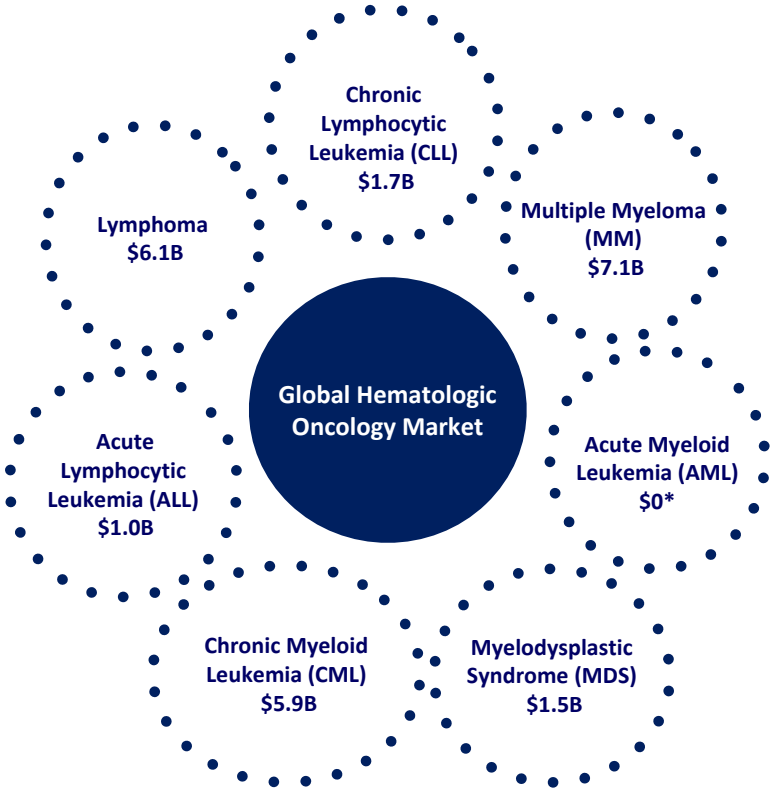
- ☑ **Accelerates AbbVie's leadership position in oncology**
- ☑ **Provides access to large and rapidly growing on-market asset with potential to achieve >$7BN peak-year AbbVie sales**
- ☑ **Accretive to EPS growth beyond 2016; ramping to >$0.60 per share by 2019**
- ☑ **Complementary to existing oncology pipeline assets**
- ☑ **Further diversifies AbbVie's revenue base**
- ☑ **Creates another strong growth platform**
- ☑ **Excellent strategic fit**
- ☑ **Organization with proven track record of success**

Hematologic Oncology Represents Significant Opportunity

B-Cell Malignancies: ~126,000 new Cases In the U.S. In 2014**



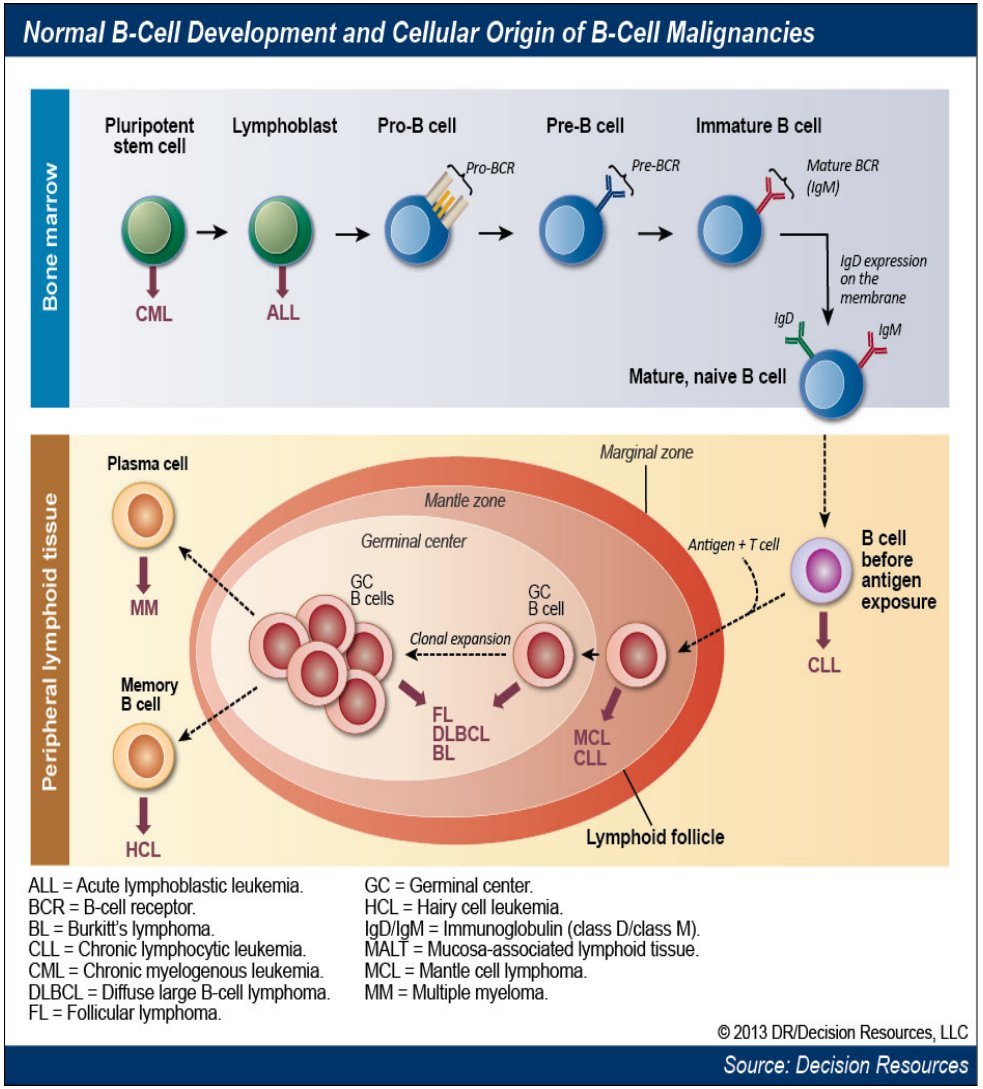
2014 Global malignant hematology market ~$24BN[1]



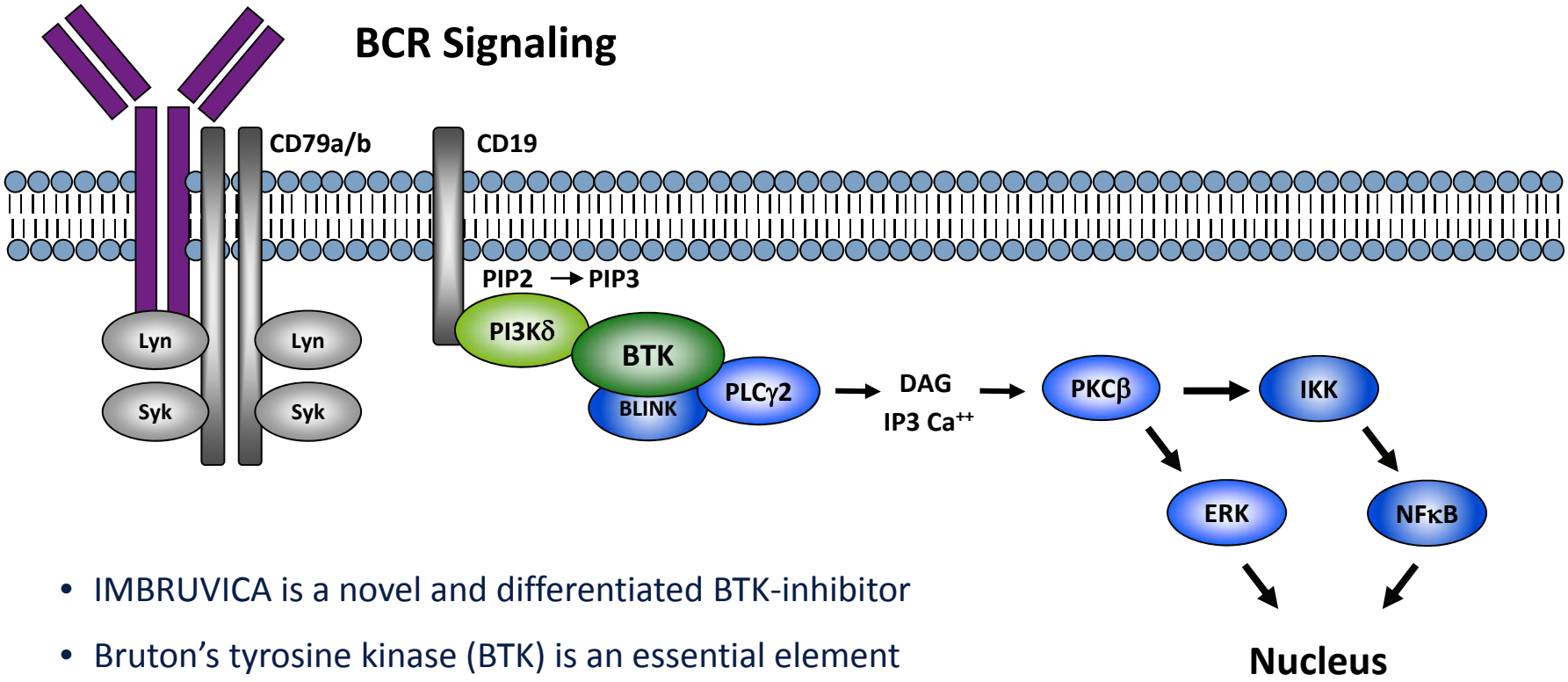
1. Including, but not limited to tumor types shown on this slide. Source: EvaluatePharma
*No approved branded therapies
**Source: Cancer Facts and Figures, American Cancer Society (2014)

B-Cell Malignancies – Background

- B-cell malignancies are a broad and complex group of cancers
  - Arise from various developmental stages of the B lymphocyte, the cell type responsible for humoral (antibody-mediated) immunity
- Occur in several forms
  - Leukemia: Primarily affecting the bone marrow and blood
  - Lymphoma: Arising in the lymph node and other lymphoid organs
  - Multiple Myeloma: Tumor of plasma cells (antibody secreting cells) associated with protein over-production and multiple lesions in bone



IMBRUVICA Overview – Mechanism of Action



- IMBRUVICA is a novel and differentiated BTK-inhibitor
- Bruton's tyrosine kinase (BTK) is an essential element of the B-cell receptor (BCR) signaling pathway
- BCR signaling is required for tumor expansion and proliferation
- Inhibition of BTK blocks BCR signaling, removing growth and activation signals and inducing apoptosis

IMBRUVICA Overview – Current Indications

- IMBRUVICA (ibrutinib) - potential backbone therapy in B-Cell Malignancies
  - First-in-class with demonstrated progression free survival and overall survival advantages over Rituxan
  - Targeting a $10BN+ market with significant growth potential

- Four FDA/EMA approvals:
  - Mantle Cell Lymphoma (MCL) (2nd line) in 2013
  - Chronic Lymphocytic Leukemia (CLL) (2nd line) in 2014
  - CLL sub-type with 17 p deletion (all lines) in 2014
  - Waldenstrom's macroglobulinemia (all lines) in 2015

- Only drug with three FDA Breakthrough Therapy Designations

- Approved in more than 40 countries

- More than 15,000 patients have already been treated with IMBRUVICA

- IMBRUVICA is marketed in collaboration with Janssen

IMBRUVICA Overview – Potential Expansion of Indications

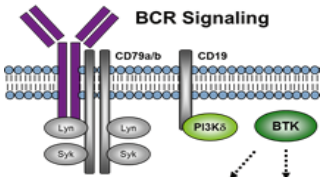
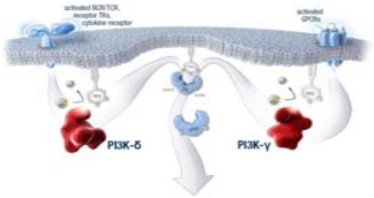
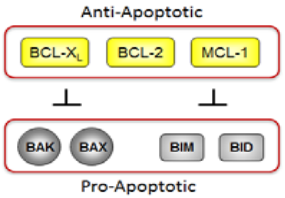
- Extensive ongoing clinical program
  - 58 clinical studies ongoing with 13 in Phase III
  - 5,100 patients have been enrolled in IMBRUVICA (ibrutinib) clinical trials
  - 800 investigators in 35 countries

- Targeting one-to-two new indications per year 3-5 years including:
  - 1st line CLL/MCL (2015/2016)
  - Diffuse Large B-cell Lymphoma (~2016 for R/R; ~2020 first line)
  - Follicular Lymphoma (~2016 for R/R)
  - Multiple Myeloma (Phase I/II data readout in combo with Kyprolis 2H15)

- Also in early stage testing in solid tumors (in combination with other therapies) and autoimmune diseases

Source: Pharmacyclics Corporate Presentation, January 14, 2014

Combined Hematologic Oncology Portfolio Overview

	IMBRUVICA	duvelisib	venetoclax
			
Mechanism of Action	**BTK Inhibition**	**PI3K Inhibition**	**BCL-2 Inhibition**
Indications	Approved for use in refractory CLL, WM, second-line Mantle Cell Lymphoma Being investigated in multiple myeloma, follicular lymphoma, and diffuse large B-cell lymphoma Being tested for Rituximab-based regimens and other anti-CD20 agents	Being explored for use in refractory, indolent NHL and refractory CLL as monotherapy Being tested in combination with Rituximab	Being explored for use in CLL and NHL as monotherapy treatment Being studied in combination with Rituximab and with other agents in multiple myeloma and a variety of lymphomas, including CLL, NHL, DLBCL, AML
Potential Combinations	Potential for use in combination with new immunotherapies such as PD-1s, other checkpoint inhibitors and novel mechanisms developed by Abbvie and Pharmacyclics Oncology	Potential for combination with IMBRUVICA Potential for combination with venetoclax	Potential for combination with IMBRUVICA Potential for combination with Duvelisib
Launch Year	Approved November 2013	2017	2016

Robust Pipeline Spans Attractive Specialty Categories

Select Pipeline Assets

Phase I	Phase II	Phase III	Registration
ABT-399: Solid Tumors **ABT-165:** Solid Tumors **RTA-ABT 408:** Solid Tumors	**Veliparib:** Ovarian Cancer **ABT-199:** AML **ABT-199:** iNHL **Duvelisib:** iNHL **ABT-414:** Glioblastoma Multiforme	**ABT-199:** CLL (Relapsed/Refractory) **ABT-199:** CLL (Front-line; unfit) **Veliparib:** NSCLC (Squamous) **Veliparib:** NSCLC (Non-squamous) **Veliparib:** Breast Cancer (Neoadjuvant) **Veliparib:** Breast Cancer (BRCA) **Elotuzumab:** Multiple Myeloma **Duvelisib:** CLL	**Humira:** Hidradenitis Suppurativa
ABT-199: SLE **ABT-257:** RA **ABBV-084**: SLE	**ABT-122:** RA **ABT-122:** PsA **ABT-494:** RA **GLPG 0634:** RA **GLPG-0634:** Crohn's Disease **ALV-003:** Celiac Disease **ABT-981:** Osteoarthritis **BT061:** RA **ALX-0061:** RA		**2-DAA Japan :** HCV (GT1b)
ABBV-672: Alzheimer's Disease **ABT-957:** Alzheimer's Disease	**ABT-436:** Alcohol Use Disorder	**Daclizumab:** Multiple Sclerosis	**2-DAA US :** HCV (GT4)
BTK Inhibitor: Autoimmune **Imbruvica: Graft V Host Disease**	**2nd gen pangenotypic:** HCV	**Elagolix:** Endometriosis	
	Elagolix: Uterine Fibroids	**Humira:** Uveitis	
	RTA-ABT 408: Ocular Inflammation	**Atrasentan:** Diabetic Nephropathy	
	Imbruvica: Multiple Myeloma **Imbruvica: AML** **Imbruvica: ALL**	**Imbruvica: DLBCL** **Imbruvica: Follicular Lymphoma** **Imbruvica: Marginal Zone Lymphoma**	

- Oncology
- Immunology
- Neuroscience
- HCV/Liver disease
- Women's Health
- Ophthalmology
- Renal
- Pharmacyclics

AbbVie Mid-to Late-Stage Program Highlights: Other Oncology

Compound	Details
Veliparib *Solid Tumors*	• PARP-inhibitor, enhances the effectiveness of common DNA damaging cancer therapies • Four Phase III studies currently underway • Planning to begin Phase III development for ovarian cancer in 2015
Elotuzumab *Multiple Myeloma*	• Currently in Phase III development in combination with standard of care for multiple myeloma (refractory and first-line patients) • Phase II results demonstrated high response rates • Phase III refractory data available 1H15; potential for regulatory submission in 2015
ABT-414 *Glioblastoma Multiforme*	• Anti-EGFR monoclonal antibody drug conjugate being evaluated in GBM • Early data promising; recently granted orphan drug designation • Recently initiated large, active controlled Phase II study

AbbVie Mid-to Late-Stage Program Highlights: Immunology

Compound	Details
GLPG0634 *Rheumatoid Arthritis* *Crohn's Disease*	• Selective JAK-1 inhibitor being evaluated as potential treatment for RA and Crohn's disease • Phase IIB RA studies on track to read out this year
ABT-494 *Rheumatoid Arthritis*	• Internally developed selective JAK-1 inhibitor in development for immune-mediated diseases • Mid-stage program underway, expect read out in 2015
Humira – New Indications *Hidradenitis Suppurativa* *Uveitis*	• HS: Chronic inflammatory skin disease with no approved treatments; currently under review • Uveitis: Sight threatening inflammatory eye disease in Phase III development
ALX-0061 *Rheumatoid Arthritis*	• Anti-IL-6 nanobody: binds with high affinity and may have faster and more effective tissue penetration due to its relatively small size vs. other monoclonal antibodies • Phase IIB program underway
ABT-122 *Rheumatoid Arthritis* *Psoriatic Arthritis*	• DVD-Ig platform pairs two established mechanisms, anti-TNF and anti-IL-17 • Phase II program underway
ABT-981 *Osteoarthritis*	• DVD-Ig (anti-IL-1 α/β) in Phase II development for osteoarthritis
ALV-003 *Celiac Disease*	• Mixture of two recombinant gluten-specific proteases; Phase IIB underway • Potential to be first therapy to treat celiac disease
Tregalizumab *Rheumatoid Arthritis*	• Novel anti-CD4 humanized monoclonal antibody that activates T-regulatory cells

AbbVie Mid-to Late-Stage Program Highlights: Other Programs

Compound	Details
Zinbryta (daclizumab) *Multiple Sclerosis*	• Humanized antibody specific for IL2 receptor in development for relapsing remitting MS • Strong pivotal trial results showed patients treated with Zinbryta had a statistically significant 45% reduction in annualized relapse rate versus Avonex • U.S. regulatory application and EMA regulatory application to be submitted 1H15
Elagolix *Endometriosis* *Uterine Fibroids*	• Goal with Elagolix in endometriosis is to bring to market an oral, short-acting therapy that provides a high level of efficacy with minimal menopausal side effects, while preserving bone health • Positive top-line endometriosis data announced in January; Phase IIB fibroids data in 2015
Atrasentan *Diabetic Kidney Disease*	• Selective endothelin-A receptor antagonist • Findings from the two 12-week Phase IIB studies showed patients treated with atrasentan achieved sustained reductions in albuminuria (primary end-point) • Global Phase 3 registrational study (SONAR) underway; event driven study, which we expect to complete in 2018
Next Generation HCV Combination *Pangenotypic HCV*	• Goal to bring to market a ribavirin-free, once-daily pan-genotypic combination • Evaluating a potent protease inhibitor (ABT-493) and new NS5A inhibitor (ABT-530) • Phase IIB studies well underway, with SVR data expected later this year; expect to transition to Phase III in 2015, with anticipated commercialization in 2017

2015: Significant Late-Stage Pipeline Activity

Key Data Readouts

- ABT-199: Data from R/R CLL 17p del study
- Elotuzumab: Phase III data in R/R multiple myeloma
- GLPG0634: Phase IIB data in RA
- ABT-494: Phase IIB data in RA
- Elagolix: Phase IIB data in uterine fibroids
- Elagolix: Phase III top-line data in endometriosis
- Next-gen HCV: Phase IIB SVR data
- Duvelisib: Phase IIB data in iNHL
- ALV-003: Phase IIB data in celiac disease
- ABT-122: Phase II data in RA
- ABT-888: Phase II data

Regulatory Submissions

- Zinbryta: RRMS regulatory submissions
- ABT-199: Relapsed/refractory CLL (17p del) regulatory submissions
- Elotuzumab: Relapsed/refractory multiple myeloma regulatory submissions
- Humira: Uveitis regulatory submissions
- HCV: 2-DAA Japan (GT1B - 1Q15; GT2 - 2H15)

Regulatory Approvals

- VIEKIRAX + EXVIERA
- U.S. Duopa
- HCV: 2-DAA Japan (GT1B)
- Humira: Hidradenitis suppurativa

Key Phase Transitions and Clinical Trial Starts

- ABT-199: Phase III start (first line CLL/fit; combo w/ Gazyva)
- Next-gen HCV: Phase III start (genotypes 1-6)
- ABT-888: Phase III start (ovarian cancer)
- ALX-0061: Phase IIB start (RA)
- ABT-122: Phase II start (psoriatic arthritis)
- ABT-414: Phase II start (glioblastoma multiforme)
- ABT-494: Phase II start (Crohn's disease)

Strong Return of Cash to Shareholders

Significant and growing cash flow

Recently increased quarterly dividend by 4%; following ~17% increase in late 2014

Since AbbVie inception in 2013, dividend has been increased nearly 28%

Share buyback program in place; to be executed over next several years

Strong commitment to growing our dividend and returning cash to shareholders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