

Press Release



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This announcement does not constitute an announcement of a firm intention to make an offer under Rule 2.7 of the City Code on Takeovers and Mergers.

For immediate release

14 July 2014

Shire plc

Update re: AbbVie Proposal

Shire plc ("Shire" or the "Company") (LSE: SHP, NASDAQ: SHPG) announces that following discussions with AbbVie Inc. ("AbbVie"), Shire requested and has received a further revised proposal from AbbVie on 13 July 2014 (the "Revised Proposal").

The Revised Proposal comprises £24.44 in cash and 0.8960 shares of new AbbVie per Shire share. Based on the AbbVie share price on 11 July 2014, AbbVie's Revised Proposal has an indicative value of £53.20 per Shire share⁽¹⁾. Under the Revised Proposal, Shire shareholders would own approximately 25 per cent of the combined new AbbVie.

The Board of Shire has indicated to AbbVie that it would be willing to recommend an offer at the level of the Revised Proposal to Shire shareholders subject to satisfactory resolution of the other terms of the offer. Accordingly, the Board is in detailed discussions with AbbVie in relation to these terms.

The Revised Proposal remains subject to the pre-conditions set by AbbVie on 8 July 2014 including due diligence and the recommendation of the Board of Shire.

There can be no certainty that any firm offer will be made.

This statement is being made by Shire with the agreement of AbbVie.

A further update will be provided when appropriate.

Notes

(1) Based on AbbVie's closing share price of US\$54.96 (and an exchange rate of US\$1.00:£0.5840) on 11 July 2014, the latest practicable date before this announcement.

Whilst the cash and share mix of the Revised Proposal has an indicative value of £53.20 per Shire share as of 11 July 2014, under Rule 2.5 of the Code any firm offer announced by AbbVie under Rule 2.7 of the Code will, at the date of its announcement, need to be equivalent, on a per Shire share basis, to not less than the higher of:

- £46.26; or
- The aggregate of £24.44 and the value of 0.8960 AbbVie shares at the closing price and relevant \$/£ exchange rate on the latest practicable date before AbbVie announces any

such firm intention to make an offer under Rule 2.7, (such higher amount being, the "Floor Price").

AbbVie reserves the right to introduce other forms of consideration and/or vary the mix of consideration and to make an offer at any time for less than the equivalent of the Floor Price for each Shire share:

- With the agreement or recommendation of the Shire Board; or
- Following the announcement by Shire of a whitewash transaction pursuant to the Code.

NOTES TO EDITORS

Shire enables people with life-altering conditions to lead better lives.

We provide treatments in Rare Diseases, Neuroscience, Gastrointestinal and Internal Medicine and we are developing treatments for symptomatic conditions treated by specialist physicians in other targeted therapeutic areas, such as Ophthalmology.

Shire's product sales from continuing operations have increased from US\$2,754 million in the financial year to 31 December 2008 to US\$4,757 million in the financial year to 31 December 2013, representing a five-year compound annual growth rate of 11.6%. Shire's Non GAAP diluted earnings per ADS have increased from US\$3.86 in the financial year to 31 December 2008 to US\$7.66 in the financial year to 31 December 2013, representing a five-year compound annual growth rate of 14.7%. Shire's US GAAP diluted earnings per ADS have increased from US\$0.86 in the financial year to 31 December 2008 to US\$3.53 in the financial year to 31 December 2013, representing a five-year compound annual growth rate of 32.7%.

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A copy of this announcement will be available at www.shire.com. The content of the website referred to in this announcement is not incorporated into and does not form part of this announcement.

FURTHER INFORMATION

Evercore Partners International LLP ("Evercore"), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting as financial adviser exclusively for Shire and no one else in connection with the matters referred to in this announcement and will not regard any other person as its client in relation to the matters referred to in this announcement and will not be responsible to anyone other than Shire for providing the protections afforded to clients of Evercore, nor for providing advice in relation to the matters referred to in this announcement.

Morgan Stanley & Co. International plc, which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority in the United Kingdom, is acting as financial adviser to Shire and no one else in connection with the matters referred to in this announcement. In connection with such matters, Morgan Stanley & Co. International plc, its affiliates and its and their respective directors, officers, employees and agents will not regard any other person as their client, nor will they be responsible to any other person other than Shire for providing the protections afforded to their clients or for providing advice in connection with the contents of this announcement or any other matter referred to herein.

Citigroup Global Markets Limited, which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority, each in the United Kingdom, is acting as financial adviser to Shire and for no one else in connection with the matters set out in this announcement. In connection with such matters, Citigroup Global Markets Limited, its affiliates and its and their respective directors, officers, employees and agents will not regard any other person as their client, nor will they be responsible to anyone other than Shire for providing the protections afforded to its clients or for providing advice in connection with the contents of this announcement or any matter referred to herein.

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Deutsche Bank AG is authorised under German Banking Law (competent authority: BaFIN - Federal Financial Supervisory Authority). Deutsche Bank AG, London Branch is further authorised by the Prudential Regulation Authority and is subject to limited regulation by the Financial Conduct Authority and Prudential Regulation Authority. Deutsche Bank is acting as financial adviser to Shire and no one else in connection with the contents of this Announcement and will not be responsible to anyone other than Shire for providing the protections afforded to its clients or for providing advice in connection with the contents of this Announcement or any matter referred to herein.

NON GAAP MEASURES

- The announcement contains financial measures not prepared in accordance with US GAAP.
- These Non GAAP financial measures are used by Shire's management to make operating decisions because they facilitate internal comparisons of the Company's performance to historical results and to competitors' results. They should not be considered in isolation from, as substitutes for, or superior to financial measures prepared in accordance with US GAAP.
- The following items are excluded from these Non GAAP financial measures:
 - **Amortization and asset impairments:**
 - Intangible asset amortization and impairment charges; and
 - Other than temporary impairment of investments.
 - **Acquisitions and integration activities:**
 - Upfront payments and milestones in respect of in-licensed and acquired products;
 - Costs associated with acquisitions, including transaction costs, and fair value adjustments on contingent consideration and acquired inventory;
 - Costs associated with the integration of companies; and
 - Non-controlling interest in consolidated variable interest entities.
 - **Divestments, re-organizations and discontinued operations:**
 - Gains and losses on the sale of non-core assets;
 - Costs associated with restructuring and re-organization activities;
 - Termination costs; and
 - Income / (losses) from discontinued operations.
 - **Legal and litigation costs:**
 - Net legal costs related to the settlement of litigation, government investigations and other disputes (excluding internal legal team costs).
- A reconciliation of these Non GAAP financial measures to the most directly comparable measure under US GAAP can be found within the Investor's section on Shire's website at www.shire.com.