



DEPARTMENT OF LABOR

Employee Benefits Security Administration

[Prohibited Transaction Exemption 2026-08; Application No. D-12097]

Exemption Involving the Abiomed Retirement Savings Plan Located in Danvers, MA

AGENCY: Employee Benefits Security Administration, Labor.

ACTION: Notice of exemption.

SUMMARY: This exemption allows the Abiomed Retirement Savings Plan (the Plan) to acquire and hold certain “contingent value rights” and to receive payments in connection with that acquisition and holding. Absent an exemption, these transactions would violate the prohibited transaction provisions of the Employee Retirement Income Security Act of 1974 (ERISA) and/or the Internal Revenue Code of 1986 (the Code).

DATES: Exemption date: The exemption will be in effect as of November 15, 2022.

FOR FURTHER INFORMATION CONTACT: Blessed Chuksorji-Keefe at Chuksorji.Blessed@dol.gov or Emily Harris at Harris.Emily.M@dol.gov.

SUPPLEMENTARY INFORMATION:

Background:

The Plan submitted an exemption application to the Department of Labor (the Department) requesting retroactive exemptive relief, in effect as of November 15, 2022, for: (1) the Plan’s acquisition and holding of “contingent value rights” (CVRs) following the tender of Abiomed, Inc. (Abiomed) common stock or the cancellation of Abiomed common stock; and (2) the Plan’s receipt of payments in connection with the acquisition and holding of CVRs (collectively, the Covered Transactions).¹ The Plan’s acquisition of

¹ The right to receive contingent payments of up to \$35.00 per share of Abiomed common stock in cash, without interest and less any required withholding taxes, in the aggregate, upon the achievement of

CVRs was on essentially the same terms and in the same manner as the acquisition of CVRs by all other similarly situated shareholders of Abiomed common stock.

After reviewing the Plan's application, the Department tentatively determined that the Covered Transactions would be administratively feasible, in the interest of, and protective of, the Plan and its participants and beneficiaries. On June 3, 2026, the Department published a notice of proposed exemption that would permit the Covered Transactions subject to certain conditions (the Proposed Exemption).² The Proposed Exemption invited interested persons to submit comments and hearing requests to the Department.

Written Comment:

The Department received one comment from Johnson & Johnson (J&J) on behalf of itself, Abiomed, and the Plan.³ J&J requested that the Department revise the audit condition in Proposed Exemption Section II(j) which requires that, if J&J or Abiomed provides notice or takes the position that a CVR milestone has not been met, J&J must submit to an audit by an independent certified public accounting firm for the purpose of verifying whether the relevant CVR milestone has been met, and J&J must bear the cost of the audit.

J&J states in its comment that, due to the structure of the CVR milestones, payments are not contingent on all CVR milestones being met. Instead, the achievement of individual CVR milestones would trigger specific payments. J&J also represents that the audit condition, as proposed, would be inconsistent with the terms of the Contingent

specified milestones, and upon the terms and subject to the conditions set forth in the Contingent Value Rights Agreement, contained as an exhibit to the Agreement and Plan of Merger, dated as of November 15, 2022, between Abiomed and Johnson & Johnson.

² 91 FR 33205 (June 3, 2026).

³ In addition to the comment's substantive request, J&J also clarified that the Plan's Abiomed stock fund was unitized, and as a result, the \$29,040,462.55 fair market value of the stock fund included both shares with a value of \$27,621,947.20 and a \$1,418,515.35 cash position. Further, J&J clarified that (a) its name is Johnson & Johnson, not Johnson & Johnson, Inc. and (b) the name of the Plan's committee is the Abiomed 401(k) Fiduciary Committee.

Value Rights Agreement governing the CVRs (CVR Agreement), in that the CVR Agreement does not require that audits automatically occur. J&J explains that the CVR Agreement permits holders of at least 35% of the CVRs to obtain an audit upon request if J&J provides notice that a CVR milestone relating to net sales figures has not been met. Only if the auditor were to determine that J&J's calculations of the net sales figures are incorrect, J&J would be required to pay for the costs of the audit. J&J presented that this framework for the CVR Agreement reflects market practice.

Additionally, J&J explains that in any event, the CVR Agreement does not provide for an audit in connection with two of the CVR milestones. These CVR milestones would be publicly reported by organizations independent of J&J if they are achieved. For these two CVR milestones there would be no records to audit and the application of Section II(j) would be unworkable.⁴

Department's Response:

After reviewing J&J's comment, the Department has determined to revise Section II(j) so that the ability to request an audit is consistent with the terms of the CVR Agreement. In this regard, holders of at least 35% of the CVRs may obtain an audit upon request if J&J provides notice that a CVR milestone relating to net sales figures has not been met. First, the Department agrees that an automatic audit requirement is unnecessary for the CVR milestones that are determined by publicly reviewable actions of independent third parties. Second, the Department agrees that the audit rights already provided under the CVR Agreement are a sufficient, independent means to validate J&J's calculations in the event J&J provides notice that a CVR milestone was not reached.⁵

⁴ These two milestones include the: (1) U.S. Food and Drug Administration premarket application approval of the use of certain Abiomed products in patients by January 1, 2028; and (2) First publication of a Class I recommendation for the use of certain Abiomed products for patients in American College of Cardiology / American Heart Association clinical practice guidelines no later than December 31, 2029.

⁵ The Department notes that the exemption requires Plan participants to have the same rights with respect to the CVRs allocated to their accounts under the Plan as unrelated CVR holders have. Thus, Plan participant CVR holders and unrelated CVR holders will be equally affected by J&J's determinations whether a net revenue milestone has been met.

The Department notes that, notwithstanding the above, Section II(j) provides that J&J will cover any audit costs that would otherwise be allocable to the Plan. This ensures the Plan is not required to bear costs arising from an audit process that is controlled by CVR holders generally and not by the Plan alone. The Plan should not bear these expenses, because the Plan acquired the CVRs through an independent corporate transaction, did not negotiate the CVR Agreement, and does not independently control whether the 35% holder threshold for requesting an audit is met. The condition preserves the Plan's economic position by ensuring that participant accounts are not reduced by audit expenses.

Based on the record and representations made by the Plan, the Department makes the requisite findings under ERISA section 408(a) that the exemption is: (1) administratively feasible for the Department; (2) in the interest of the Plan and its participants and beneficiaries; and (3) protective of the rights of the participants and beneficiaries of the Plan. All of the exemption's conditions must be met at all times.⁶ Accordingly, affected parties should be aware that the exemption's conditions are, taken individually and as a whole, necessary for the Department to grant relief. The exemption provides only the relief specified herein and does not provide relief from violations of any law, including but not limited to, ERISA section 404, other than the prohibited transaction provisions of ERISA and the Code.

The complete application file (D-12097) will remain available for public inspection in the Public Disclosure room of the Employee Benefits Security Administration, Room N-1515, U.S. Department of Labor, 200 Constitution Avenue NW, Washington, DC 20210, reachable by telephone at 866-444-3272. For a more complete

⁶ Any references hereinafter to sections of ERISA shall be deemed to refer to the corresponding sections of the Code, unless indicated otherwise.

statement of the facts and representations supporting the Department's decision to grant this exemption, please refer to the Proposed Exemption.

General Information

The attention of interested persons is directed to the following:

(1) The fact that a transaction is the subject of an exemption under ERISA section 408(a) and Code section 4975(c)(2) does not relieve a fiduciary or other party in interest or disqualified person from certain other provisions of ERISA or the Code, including any prohibited transaction provisions to which the exemption does not apply and the general fiduciary responsibility provisions of ERISA section 404, which, among other things, require a fiduciary to discharge their duties respecting the plan solely in the interest of the plan and its participants and beneficiaries and in a prudent manner in accordance with ERISA section 404(a)(1)(B); nor does it affect the requirement of Code section 401(a) that the plan must operate for the exclusive benefit of the employees of the employer maintaining the plan and their beneficiaries;

(2) As required by ERISA section 408(a) and Code section 4975(c)(2), the Department finds that the exemption is administratively feasible, in the interests of the plan and of its participants and beneficiaries, and protective of the rights of participants and beneficiaries of the plan;

(3) The exemption is supplemental to, and not in derogation of, any other provisions of ERISA and the Code, including statutory or administrative exemptions and transitional rules. Furthermore, the fact that a transaction is subject to an administrative or statutory exemption is not dispositive of whether the transaction is, in fact, a prohibited transaction; and

(4) The availability of this exemption is subject to the express condition that the material facts and representations contained in the application are true and complete at all

times and that the application accurately describes all material terms of the transactions which are the subject of the exemption.

Accordingly, after considering the entire record developed in connection with the exemption application, the Department grants the following exemption under the authority of ERISA section 408(a) and Code section 4975(c)(2) in accordance with the Department's exemption procedures regulation.⁷

SECTION I. COVERED TRANSACTIONS

If the conditions in Section II are met, the restrictions of ERISA sections 406(a)(1)(A), 406(a)(1)(E), 406(a)(2), and 407(a)(1)(A), and the excise tax imposed by Code section 4975(a) and (b) will not apply, effective November 15, 2022, to: (1) the Plan's acquisition and holding of "contingent value rights" (CVRs)⁸ following the tender of Abiomed common stock or the cancellation of Abiomed common stock; and (2) the Plan's receipt of payments in connection with the transactions described in (1).

SECTION II. CONDITIONS

(a) The Plan's acquisition of the CVRs resulted solely from an independent corporate act of Johnson & Johnson (J&J), without participation on the part of any Plan fiduciary, in accordance with the terms of the Agreement and Plan of Merger⁹ between J&J and Abiomed, dated November 15, 2022.

⁷ 29 CFR part 2570, subpart B (89 FR 4662 (Jan. 24, 2024)). Effective December 31, 1978, section 102 of Reorganization Plan No. 4 of 1978, 5 U.S.C. App. 1 (1996), transferred the authority of the Secretary of the Treasury to issue exemptions of the type requested to the Secretary of Labor. Therefore, this exemption is issued solely by the Department.

⁸ The right to receive contingent payments of up to \$35.00 per share of Abiomed common stock in cash, without interest and less any required withholding taxes, in the aggregate, upon the achievement of specified milestones, and upon the terms and subject to the conditions set forth in the Contingent Value Rights Agreement.

⁹ The Merger Agreement dated November 15, 2022, that contemplated the acquisition of Abiomed by merging it into a wholly owned subsidiary of J&J. The Merger Agreement required the tender of a majority of the outstanding shares of Abiomed's common stock, as well as the receipt of applicable regulatory approvals and other customary closing conditions. A total of 38,961,427 shares of Abiomed common stock were tendered or 86.4% of the outstanding Abiomed shares of common stock.

(b) The Plan's acquisition of CVRs was on essentially the same terms and in the same manner as the acquisition of CVRs by all other similarly situated shareholders of Abiomed common stock.

(c) Plan participants' acquisitions of the CVRs were consistent with the terms of the Plan.

(d) A Plan participant's decision whether or not to tender their shares had no impact on the amount of cash or the number of CVRs that they received.

(e) Abiomed 401(k) Fiduciary Committee (Committee) acted prudently and loyally in accordance with ERISA section 404, with respect to the transactions described in this exemption, including with respect to the Committee's decision to allow participants to decide whether or not to participate in the Tender Offer.

(f) The Plan did not pay any fees or commissions in connection with its acquisition and holding of the CVRs, and its receipt of cash payments in connection therewith.

(g) Plan participants have the same rights with respect to the CVRs allocated to their accounts under the Plan as unrelated CVR holders have with respect to CVRs not held under the Plan.

(h) Plan participants receive payment of all amounts due under the terms of the CVRs.

(i) The terms of the Plan's acquisition and holding of the CVRs, and the Plan's receipt of cash payments in connection therewith, will be the same as the terms applicable to all other holders of CVRs.

(j) The Contingent Value Rights Agreement governing the CVRs (CVR Agreement) permits holders of at least 35% of the CVRs to obtain an audit upon request if J&J provides notice that a CVR Milestone relating to net sales figures has not been met. To the extent an audit is performed in accordance with the terms of the CVR

Agreement, then J&J will bear any audit-related costs and expenses that would otherwise have been allocated to the Plan regardless of the determinations of the auditor. The results of the audit will be provided to the Plan sponsor to review and maintain.

(k) The Plan maintains for a period of six (6) years from the date of publication of the exemption in the *Federal Register*, in a manner that is convenient and accessible for audit and examination, the records necessary to enable the persons described in paragraph (l)(1) below to determine whether conditions of this exemption, if granted, have been met, except that (1) a prohibited transaction will not be considered to have occurred if, due to circumstances beyond the control of Abiomed, the records are lost or destroyed prior to the end of the six-year period, and (2) no party in interest other than Abiomed shall be subject to the civil penalty that may be assessed under ERISA section 502(i) if the records are not maintained, or are not available for examination as required by paragraph (l) below.

(l)(1) Except as provided in Section (2) of this paragraph and notwithstanding any provisions of subsections (a)(2) and (b) of ERISA section 504, the records referred to in paragraph (k) above shall be unconditionally available at their customary location during normal business hours to:

(A) any duly authorized employee or representative of the Department or the Internal Revenue Service;

(B) Abiomed or any duly authorized representative of Abiomed;

(C) a Plan fiduciary or any duly authorized representative of a Plan fiduciary;

(D) any participant or beneficiary of the Plan, or any duly authorized representative of such participant or beneficiary;

(2) No person described in paragraph (l)(1)(B)-(D) is authorized to examine financial information which is privileged or confidential, and should the Applicant refuse to disclose information on the basis that such information is exempt from disclosure, the

Applicant must, by the close of the thirtieth (30th) day following the request, provide a written notice advising that person of the reasons for the refusal and that the Department may request such information.

(m) The Plan provides the Department with the records necessary to demonstrate that the conditions of this exemption, if granted, have been met, within 30 days from the date the Department requests such records.

(n) All of the material facts and representations made by the Applicant that are set forth in the Summary of Facts and Representations are true and accurate at all times.

Exemption date: The exemption will be in effect as of November 15, 2022.

Signed at Washington, DC, this 17th day of August 2026.

Christopher Motta,

*Acting Director, Office of Exemption Determinations,
Employee Benefits Security Administration, U.S. Department of Labor.*

[FR Doc. 2026-19077 Filed: 9/16/2026 8:45 am; Publication Date: 9/17/2026]