RESOLVED that shareholders of AbbVie Inc. ("AbbVie") ask the board of directors to report to shareholders on how it oversees risks related to anticompetitive practices, including whether the full board or board committee has oversight responsibility, whether and how consideration of such risks is incorporated into board deliberations regarding strategy, and the board's role in AbbVie's public policy activities related to such risks. The report should be prepared at reasonable expense and should omit confidential or proprietary information, as well as information about existing litigation and claims of which AbbVie has notice.

SUPPORTING STATEMENT

The anticompetitive practices of companies within the pharmaceutical supply chain, including drug developers such as AbbVie, are receiving increasing scrutiny from the public, regulators, and enforcers. The criticism of AbbVie has focused on the company's establishment of "patent thickets" around its drugs to prevent generic competition, some of which have resulted in massive price hikes for everyday consumers.[i]

Regulators and enforcers are increasingly focused on curbing this type of behavior. In May, then-acting Chairwoman of the Federal Trade Commission (FTC) Rebecca Kelly Slaughter stated that "[f]or decades, the FTC has challenged a number of illegal anticompetitive practices in the pharmaceutical industry that can lead to high drug prices. The Commission should consider ways to build on this work by addressing emerging and evolving practices that have the potential to harm consumers."[ii] Furthermore, upon confirmation, newly appointed FTC Chair Lina Kahn directed FTC staff to ramp up investigations based on seven enforcement priorities, including healthcare and pharmaceutical companies.[iii]

We are concerned over the growing risk associated with AbbVie's reliance on creating "patent thickets" and entering "pay-for-delay" settlements. AbbVie has been scrutinized for its practices surrounding Humira and Imbruvica, which were the subject of a 2021 drug pricing investigation and report published by the U.S. House Committee on Oversight and Reform.[iv] The report details that AbbVie has applied for over 250 patents on Humira, with 90% of these applications filed after Humira was already approved, "suggesting that they were intended to block competition."[v] The report also questions whether AbbVie transferred items of value to competitors in exchange for them staying off the market, a violation of U.S. antitrust law.[vi] These drugs represent nearly 55% of AbbVie's 2020 net revenue.[vii]

AbbVie is facing mounting pressure related to the company's anticompetitive practices. This pressure can increase the likelihood new regulation and increases risk for investors. Given this widespread concern and the rapidly changing environment, we believe that robust board oversight would improve AbbVie's management of risks related to anticompetitive practices and that shareholders would benefit from more information about the board's role.

We therefore urge shareholders to vote FOR this proposal.

---

[i] *Overpatented, Overpriced: How Excessive Pharmaceutical Patenting is Extending Monopolies and Driving up Drug Prices*, I-MAK, 2019 (https://www.i-mak.org/wp-content/uploads/2019/01/i-mak.overpatented.overpriced.report.0801.pdf).

[ii] https://www.ftc.gov/public-statements/2021/05/statement-acting-chairwoman-rebecca-kelly-slaughter-regarding-federal

[iii] https://endpts.com/pharma-in-the-crosshairs-how-the-ftc-is-expanding-its-antitrust-powers-under-its-new-chair/

[iv] *Drug Pricing Investigation AbbVie—Humira and Imbruvica*, U.S. House of Representatives Staff Report, May 2021, https://oversight.house.gov/news/press-releases/chairwoman-maloney-releases-staff-report-and-new-documents-showing-abusive-drug.

[v] Id. at i.

[vi] Id. at v.

[vii] AbbVie 2020 Form 10-K, at 46-47 (https://investors.abbvie.com/static-files/47512e94-a9a4-4035-8dbc-6eb59116bb05).