

Financial Strategy

David Meline

Executive Vice President and Chief Financial Officer

AMGEN[®]

Pioneering science delivers vital medicines™

Amgen's Strategy Enables Multiple Approaches to Creating Shareholder Value

By 2018

Revenue Expansion

- Global product launches
- Biosimilars
- International expansion

Operating Leverage

- Reduce facilities footprint
- Next-generation biomanufacturing
- Streamline business functions
- Optimize R&D efficiency

Capital Return

- Commit to longer-term capital return program
- Reinitiate share repurchases
- Grow dividend over time

- Multibillion dollar revenue opportunity across new, innovative product launches and geographies
- Launch of \$3B+ biosimilars portfolio; first in 2017, and five by 2019
- Adjusted operating margin* of 52%–54% by 2018
- Double-digit adjusted EPS* growth, on average
- Return of ~ 60% of adjusted net income* on average

*Adjusted, non-GAAP financial measure—if this slide is in hard copy, see reconciliations accompanying the presentation, or if this slide is delivered electronically, or amounts pertain to previously issued financial guidance, see reconciliations available at: www.amgen.com within the Investors section

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Double-Digit Adjusted EPS Growth During Launch Period: 2015–2019

<i>Inflammation</i>	<i>Nephrology</i>	<i>Bone</i>	<i>Oncology</i>	<i>Cardiovascular</i>
<p><i>Brodalumab</i></p> <p>AMGEN BIOSIMILARS <i>Adalimumab</i> <i>Infliximab</i></p>	<p><i>AMG 416</i></p>	<p><i>Romosozumab</i></p>	<p><i>Kyprolis</i> <small>(carfilzomib) for Injection</small></p> <p><i>Neulasta</i> <small>(pegfilgrastim)</small> <i>Delivery system</i></p> <p><i>Talimogene laherparepvec</i></p> <p><i>Blinatumomab</i></p> <p><i>Rilotumumab</i></p> <p><i>Trebananib</i></p> <p>AMGEN BIOSIMILARS <i>Rituximab</i> <i>Bevacizumab</i> <i>Trastuzumab</i></p>	<p><i>Ivabradine</i></p> <p><i>Evolocumab</i></p>

Launches Across Global Geographic Footprint

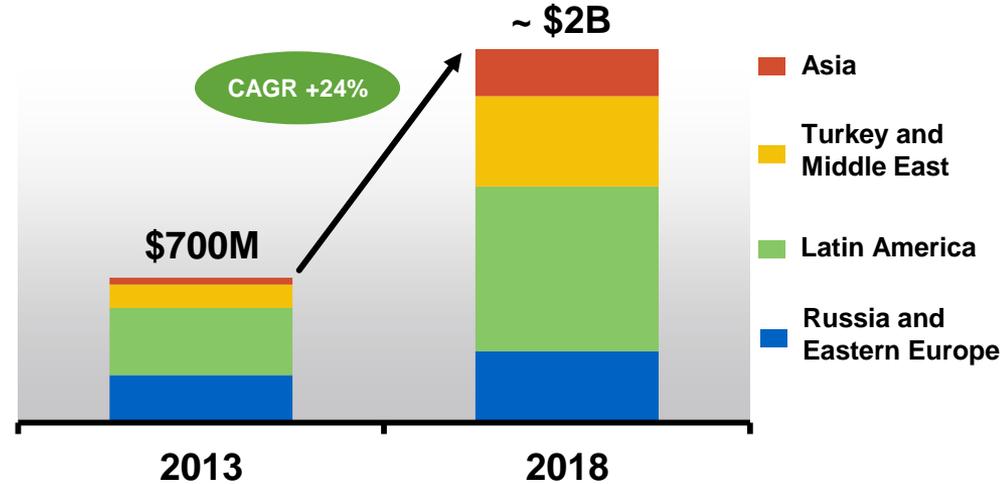
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Amgen Is Positioned Well to Realize the Full Global Potential of Its Products

International Presence



Attractive Growth



Delivering ~ \$2B in new and emerging market sales by 2018



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Focused Company-Wide Initiatives to Optimize Enterprise

Focused Operating Model Involves Broad Transformation Across Enterprise

Operations

- Network optimization
- Improving direct-to-indirect staffing ratios

Commercial

- Sales force optimization and reallocation to new launches
- Centers of Excellence
- Efficient new product launches

R&D

- Expanding presence in key biotech talent hubs
- Process development consolidation
- Increased use of outsourcing
- Significant improvements across hundreds of processes

G&A

- Increased utilization of shared services in non-core areas
- Created new Global Business Services unit to drive company-wide shared services

\$1.5B of annual savings by 2018

July 2014: Reallocation of Resources to Drive Growth

Announced Actions

- Streamline our organization
- Consolidate geographic footprint
- Reduce workforce by ~ 2,900 positions

Expected Benefits

- Reduce operating expenses by ~ \$700M in 2016 vs 2013
- Efficiencies driving improved performance
- Increased financial flexibility to fund growth

Additional Actions Result In Total Annual Savings of Up to \$1.5B by 2018

Additional Actions Include

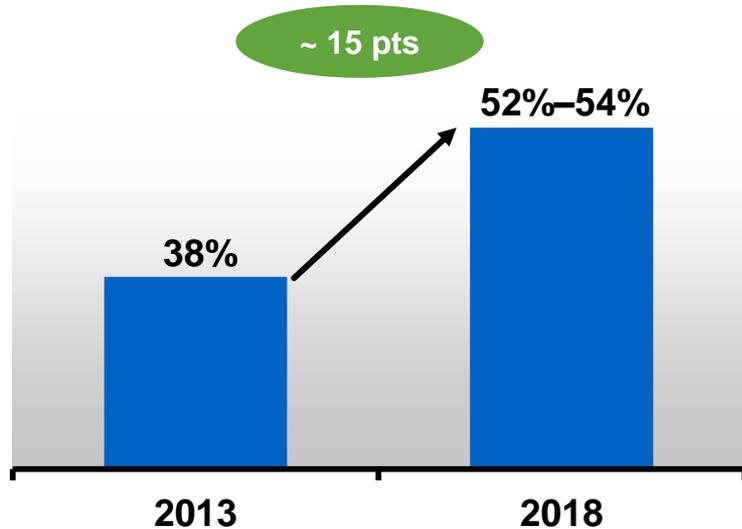
- Broad transformation across enterprise
- Reduce workforce by an additional ~ 600–1,100 positions in 2015
- Additional pre-tax GAAP charges of \$100M–\$150M

Expected Benefits

- Enhanced efficiency and reduced operating expenses
- Generate total of \$1.5B in annual savings from transformation initiatives
- Drives significant operating margin improvement

Improving Operating Margin by ~ 15 Points While Investing In Global Product Launches

Adjusted Operating Margin*



Key Drivers

- Savings from focused operating model
- Improved Enbrel® profitability
- Reduce total OPEX* by at least \$800M in 2018 vs 2013

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Globalizing Manufacturing and Tax Rate

- Amgen manufacturing strategy delivers a world-class capability and competitive tax rate
- Globalizing manufacturing footprint in Singapore, Ireland, and Puerto Rico
- 2015 adjusted tax rate* of 18%–19%, excluding R&D tax credit
 - Increase vs 2014 driven primarily by change in product mix
- Similar tax rate through 2018, as expenses shift from pipeline to launch



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Capital Structure and Allocation Strategy

Capital Sources

Cash Flow From Operations

- Strong, stable cash flow supports disciplined investment to grow while returning cash to shareholders

Balance Sheet

- Maintain investment-grade rating and continuous access to capital markets
- Minimum WACC through capital structure

Capital Uses

Invest in the Business

- Support corporate strategy and focused operating model
- Efficiently investing in innovation to drive growth
- Capital investments support world-class manufacturing and operations

Acquisitions and Partnerships

- Selective M&A, with bias to early-stage deals

Capital Return (Share Repurchase, Dividend)

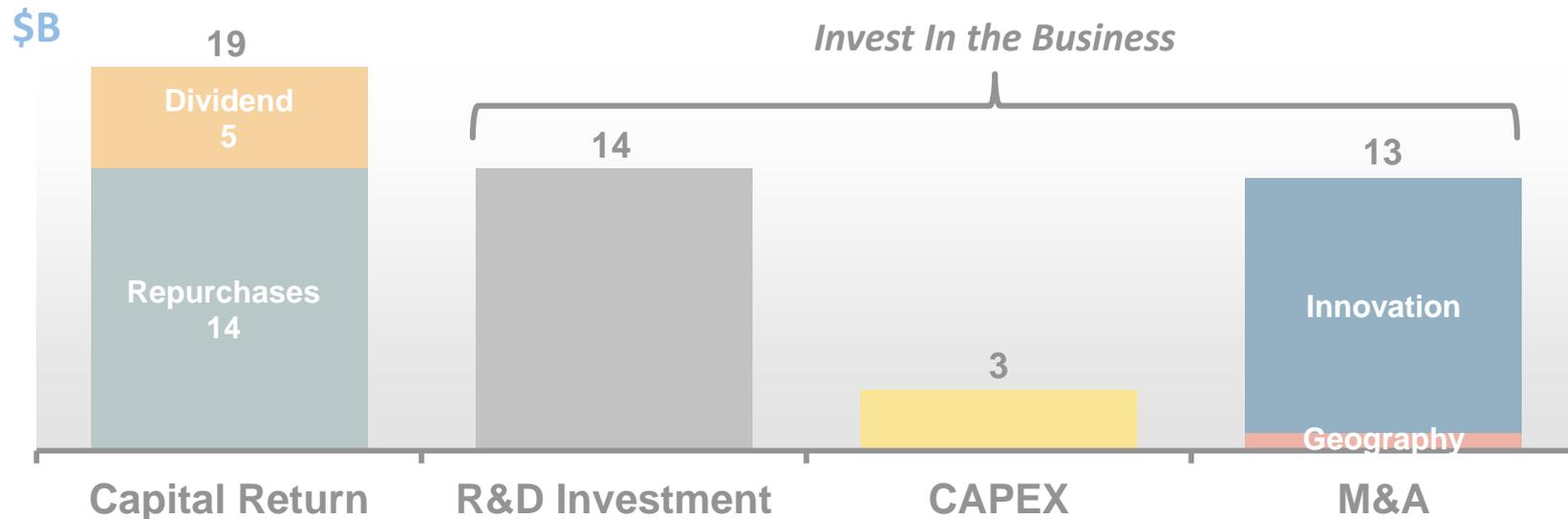
- Balanced mix of repurchases and dividends
- Continued growth of dividend

WACC = weighted average cost of capital

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Increasing Capital Returns to Shareholders While Balancing Investments for the Long Term

Capital Allocation 2011–2014



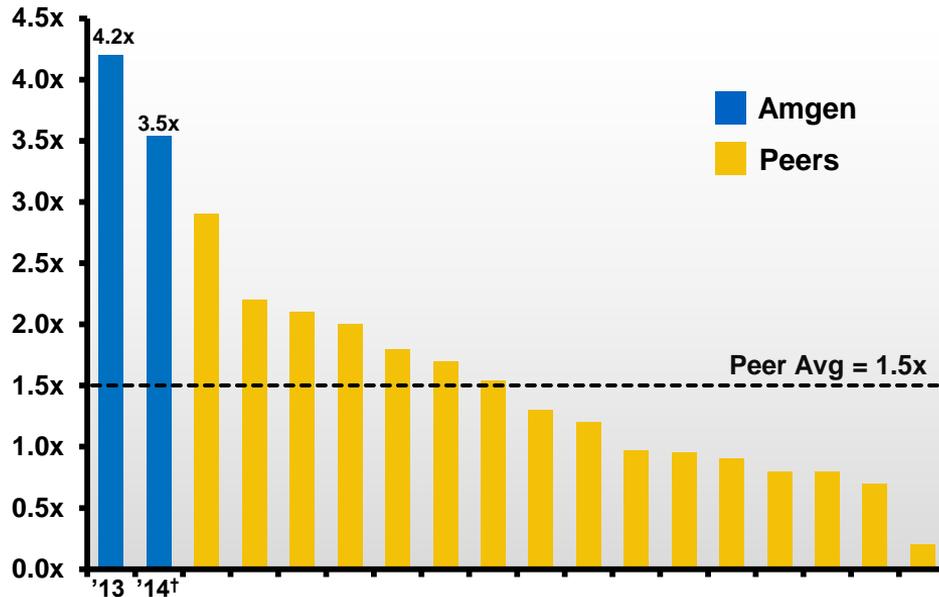
Capital Allocation 2015–2018



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Active Balance Sheet Management— Minimizing WACC

LTM (Q2 '14) Debt/EBITDA*



- Amgen maintains minimum WACC and investment-grade credit rating
- 2014 debt/EBITDA* ratio ~ 3.5x
 - Highest use of low-cost debt in peer set to optimize WACC
- Plan through 2018 increases balance sheet flexibility while maintaining a funding mix to minimize WACC
 - Allows for opportunistic capital deployment going forward
- Continue active approach to address building ex-US cash

Data Source: Bloomberg; *Adjusted, non-GAAP financial measure—if this slide is in hard copy, see reconciliations accompanying the presentation, or if this slide is delivered electronically, or amounts pertain to previously issued financial guidance, see reconciliations available at: www.amgen.com within the Investors section; †Presented at midpoint of 2014E guidance, provided on October 27, 2014

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Continuing to Increase Capital Returns

- **Will return ~ 60% of adjusted net income* to shareholders through 2018 on average**
- **Will increase dividend 30% in Q1 2015 with commitment to meaningful year-over-year increases**
- **Reinitiation of share repurchases with ~ \$2B expected through 2015**
 - **Share repurchase authorization increased to \$4B in total**
 - **Repurchase activity balances steady deployment with intrinsic value considerations**
- **Balanced strategy for external business development to supplement internal organic growth**

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2014–2015 Guidance

2014 Guidance Increased to 6%–7% Revenue Growth and 11%–13% Adjusted EPS Growth

	Updated Guidance	Previous Guidance
Revenue	\$19.8B–\$20.0B	\$19.5B–\$19.7B
Adjusted EPS*	\$8.45–\$8.55	\$8.20–\$8.40
Adjusted Tax Rate*	16%–17%	15%–16%
Capital Expenditures	~ \$800M	~ \$800M

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Preliminary 2015 Guidance Reflects Continued Growth of Revenue and Adjusted EPS

	Preliminary Guidance
Revenue	\$20.8B–\$21.3B
Adjusted EPS*	\$9.05–\$9.40
Adjusted Tax Rate*	18%–19%
Capital Expenditures	~ \$800M
Dividend Growth	30%
Share Repurchase	~ \$2B

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Multiple Ways to Create Shareholder Value

- **Delivering double-digit adjusted EPS* growth through 2018**
- **Executing focused operating model to increase efficiency, agility, and speed to market while increasing operating margins**
 - **52%–54% adjusted operating margin* by 2018 among best in industry**
 - **Reduction in total OPEX* by at least \$800M in 2018 vs 2013**
- **Delivering long-term growth and shareholder returns through global product launches, biosimilars, and international expansion**
- **Attractive return of capital to shareholders**

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Appendix

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Restructuring Financial Summary Through 2015

	July Announcement	October Announcement	Total
Headcount Reduction [Prior Estimate]	2,925: Confirmed [2,400–2,900]	~ 600–1,100	~ 3,500–4,000
Pre-Tax GAAP Charge [Prior Estimate]	\$835M–\$885M [\$775M–\$950M]	\$100M–\$150M	\$935M–\$1,035M*
Facilities Impact	23% Reduction In Facilities Footprint	–	23% Reduction In Facilities Footprint

*~ 55% of these total expenses will be on a cash basis

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