



Pioneering science delivers vital medicines™

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# Q1 '14 Earnings Call

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*April 22, 2014*

# Safe Harbor Statement

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This presentation contains forward-looking statements that are based on management's current expectations and beliefs and are subject to a number of risks, uncertainties and assumptions that could cause actual results to differ materially from those described. All statements, other than statements of historical fact, are statements that could be deemed forward-looking statements, including statements about estimates of revenues, operating margins, capital expenditures, cash, other financial metrics, expected legal, arbitration, political, regulatory or clinical results or practices, customer and prescriber patterns or practices, reimbursement activities and outcomes and other such estimates and results. Forward-looking statements involve significant risks and uncertainties, including those discussed below and more fully described in the Securities and Exchange Commission (SEC) reports filed by Amgen, including Amgen's most recent annual report on Form 10-K and any subsequent periodic reports on Form 10-Q and Form 8-K. Please refer to Amgen's most recent Forms 10-K, 10-Q and 8-K for additional information on the uncertainties and risk factors related to our business. Unless otherwise noted, Amgen is providing this information as of April 22, 2014 and expressly disclaims any duty to update information contained in this presentation.

No forward-looking statement can be guaranteed and actual results may differ materially from those we project. The Company's results may be affected by our ability to successfully market both new and existing products domestically and internationally, clinical and regulatory developments (domestic or foreign) involving current and future products, sales growth of recently launched products, competition from other products (domestic or foreign) and difficulties or delays in manufacturing our products. In addition, sales of our products are affected by reimbursement policies imposed by third-party payers, including governments, private insurance plans and managed care providers and may be affected by regulatory, clinical and guideline developments and domestic and international trends toward managed care and healthcare cost containment as well as U.S. legislation affecting pharmaceutical pricing and reimbursement. Government and others' regulations and reimbursement policies may affect the development, usage and pricing of our products. Furthermore, our research, testing, pricing, marketing and other operations are subject to extensive regulation by domestic and foreign government regulatory authorities. We or others could identify safety, side effects or manufacturing problems with our products after they are on the market. Our business may be impacted by government investigations, litigation and products liability claims. If we fail to meet the compliance obligations in the corporate integrity agreement between us and the U.S. government, we could become subject to significant sanctions. Further, while we routinely obtain patents for our products and technology, the protection offered by our patents and patent applications may be challenged, invalidated or circumvented by our competitors. We depend on third parties for a significant portion of our manufacturing capacity for the supply of certain of our current and future products and limits on supply may constrain sales of certain of our current products and product candidate development. In addition, we compete with other companies with respect to some of our marketed products as well as for the discovery and development of new products. Discovery or identification of new product candidates cannot be guaranteed and movement from concept to product is uncertain; consequently, there can be no guarantee that any particular product candidate will be successful and become a commercial product. Further, some raw materials, medical devices and component parts for our products are supplied by sole third-party suppliers. Our efforts to integrate the operations of companies we have acquired may not be successful. Our business performance could affect or limit the ability of our Board of Directors to declare a dividend or our ability to pay a dividend or repurchase our common stock.

This presentation includes GAAP and non-GAAP financial measures. In accordance with the requirements of SEC Regulation G, reconciliations between these two measures, if these slides are in hard copy, accompany the hard copy presentation or, if these slides are delivered electronically, are available on the Company's website at [www.amgen.com](http://www.amgen.com) within the Investors section.

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# Agenda

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<b>Introduction</b>	<b>Arvind Sood</b>
<b>Opening Remarks</b>	<b>Bob Bradway</b>
<b>Q1 '14 Business Results</b>	<b>Michael Kelly</b>
<b>Global Commercial Review</b>	<b>Tony Hooper</b>
<b>R&amp;D Review</b>	<b>Sean Harper</b>
<b>Q&amp;A</b>	<b>All</b>

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# Q1 '14 Adjusted Income Statement

\$ Millions, Except Adjusted EPS

Item	Q1 '14	Q1 '13	B/(W) %
<b>Revenue</b>	<b>\$4,521</b>	<b>\$4,238</b>	<b>7%</b>
Product Sales	\$4,356	\$4,151	5%
Other Revenues	\$165	\$87	
<b>Operating Expenses</b>	<b>\$2,661</b>	<b>\$2,666</b>	<b>0%</b>
Cost of Sales <i>% of product sales</i>	\$684 15.7%	\$671 16.2%	
R&D <i>% of product sales</i>	\$994 22.8%	\$851 20.5%	
SG&A <i>% of product sales</i>	\$983 22.6%	\$1,144 27.6%	
<b>Operating Income</b>	<b>\$1,860</b>	<b>\$1,572</b>	<b>18%</b>
Other Income/(Expense)	(\$160)	(\$87)	
<b>Pre-tax Income</b>	<b>\$1,700</b>	<b>\$1,485</b>	<b>14%</b>
<b>Tax Provision</b>	<b>\$262</b>	<b>(\$13)</b>	
<b>Net Income</b>	<b>\$1,438</b>	<b>\$1,498</b>	<b>(4%)</b>
<b>Adjusted EPS</b>	<b>\$1.87</b>	<b>\$1.96</b>	<b>(5%)</b>
Average Shares	768	764	(1%)
Tax Rate	15.4%	(0.9%)	(16.3) pts

All income statement items for Q1 '14 and/or Q1 '13, except revenue, are adjusted non-GAAP financial measures—if this slide is in hard copy, see reconciliations accompanying the presentation, or if this slide is delivered electronically, see reconciliations available at: [www.amgen.com](http://www.amgen.com) within the Investors section

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# Q1 '14 Balance Sheet and Cash Flow

**\$ Billions**

Cash Flow Data	Q1 '14	Q1 '13
Capital Expenditures	\$0.2	\$0.2
Free Cash Flow*	1.0	0.9
Cost of Shares Repurchased	–	0.8
Dividends Paid	0.5	0.4
Balance Sheet Data	Q1 '14	Q1 '13
Cash and Investments**	\$23.2	\$21.3
Debt Outstanding	32.0	23.9

\*Non-GAAP financial measure—if this slide is in hard copy, see reconciliations accompanying the presentation, or if this slide is delivered electronically, see reconciliations available at: [www.amgen.com](http://www.amgen.com) within the Investors section

\*\*Includes cash, cash equivalents and marketable securities, and long-term restricted investments

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# 2014 Revenue and EPS Guidance

	Updated Guidance	Previous Guidance
Revenue	Reaffirmed	\$19.2B–\$19.6B
Adjusted EPS*		\$7.90–\$8.20
Adjusted Tax Rate*		15.0%–16.0%
Capital Expenditures		~ \$800M

\*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](http://www.amgen.com) within the Investors section

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# Q1 '14 Global Commercial Review

## \$ Millions, Net Sales

	Q1 '14			Q1 '13	YoY $\Delta$
	US	ROW	TOTAL	TOTAL	TOTAL
Neulasta <sup>®</sup> /NEUPOGEN <sup>®</sup>	\$1,066	\$313	\$1,379	\$1,338	3%
Neulasta <sup>®</sup>	852	238	1,090	1,039	5%
NEUPOGEN <sup>®</sup>	214	75	289	299	(3%)
Enbrel <sup>®</sup>	924	64	988	1,039	(5%)
Aranesp <sup>®</sup>	177	283	460	468	(2%)
EPOGEN <sup>®</sup>	462	0	462	435	6%
Sensipar <sup>®</sup> /Mimpara <sup>®</sup>	178	92	270	264	2%
Vectibix <sup>®</sup>	39	64	103	87	18%
Nplate <sup>®</sup>	62	51	113	96	18%
XGEVA <sup>®</sup>	200	79	279	223	25%
Prolia <sup>®</sup>	119	77	196	142	38%
Kyprolis <sup>®</sup>	62	6	68	0	NM
Other <sup>1</sup>	0	38	38	59	(36%)
<b>Total Product Sales</b>	<b>\$3,289</b>	<b>\$1,067</b>	<b>\$4,356</b>	<b>\$4,151</b>	<b>5%</b>

NM = not meaningful

1. Other includes Bergamo and MN Pharma

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# 2014 Milestones for Innovative Pivotal Programs

Clinical Program	Lead Indication	Milestone	Timing
Evolocumab	Dyslipidemia	Phase 3 data	✓
Evolocumab	Dyslipidemia	Global filing	2014
Talimogene laherparepvec	Metastatic melanoma	Phase 3 data <sup>*†</sup>	✓
Blinatumomab	Relapsed/refractory ALL	Phase 2 data	✓
Brodalumab <sup>**</sup>	Psoriatic arthritis	Phase 3 initiation	✓
Brodalumab <sup>**</sup>	Psoriasis	Phase 3 data	2014
Ivabradine	Chronic heart failure	US filing	Q2 2014
Kyprolis <sup>®</sup> (carfilzomib)	Multiple myeloma	Phase 3 ASPIRE interim analysis* Phase 3 FOCUS data*	Q2/Q3 2014
Trebananib	Recurrent ovarian cancer	Phase 3 data <sup>*†</sup>	H2 2014
Velcalcetide	Secondary hyperparathyroidism	Phase 3 data	H2 2014

ALL = acute lymphoblastic leukemia

✓ Milestone achieved; \*Event driven; \*\*Developed in collaboration with AstraZeneca/MedImmune; †Overall survival (secondary endpoint)

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Pioneering science delivers vital medicines™

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# Q1 '14 Earnings Call

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*April 22, 2014*



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# Reconciliations

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**Amgen Inc.**  
**Condensed Consolidated Statements of Income - GAAP**  
(In millions, except per share data)  
(Unaudited)

	<b>Three months ended</b>	
	<b>March 31,</b>	
	<b>2014</b>	<b>2013</b>
Revenues:		
Product sales.....	\$ 4,356	\$ 4,151
Other revenues.....	165	87
Total revenues.....	<u>4,521</u>	<u>4,238</u>
Operating expenses:		
Cost of sales.....	1,090	744
Research and development.....	1,027	878
Selling, general and administrative.....	1,023	1,158
Other.....	17	16
Total operating expenses.....	<u>3,157</u>	<u>2,796</u>
Operating income.....	1,364	1,442
Interest expense, net.....	259	263
Interest and other income, net.....	<u>99</u>	<u>164</u>
Income before income taxes.....	1,204	1,343
Provision (benefit) for income taxes.....	<u>131</u>	<u>(91)</u>
Net income.....	<u>\$ 1,073</u>	<u>\$ 1,434</u>
Earnings per share:		
Basic.....	\$ 1.42	\$ 1.91
Diluted.....	\$ 1.40	\$ 1.88
Average shares used in calculation of earnings per share:		
Basic.....	757	751
Diluted.....	768	764

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**Amgen Inc.**  
**Condensed Consolidated Balance Sheets - GAAP**  
(In millions)  
(Unaudited)

	<b>March 31, 2014</b>	<b>December 31, 2013</b>
<b>Assets</b>		
Current assets:		
Cash, cash equivalents and marketable securities.....	\$ 19,802	\$ 19,401
Trade receivables, net.....	2,514	2,697
Inventories.....	2,966	3,019
Other current assets.....	3,020	2,250
Total current assets.....	28,302	27,367
Property, plant and equipment, net.....	5,365	5,349
Intangible assets, net.....	13,566	13,262
Goodwill.....	14,832	14,968
Restricted investments.....	3,414	3,412
Other assets.....	1,525	1,767
Total assets.....	<u>\$ 67,004</u>	<u>\$ 66,125</u>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable and accrued liabilities.....	\$ 5,698	\$ 5,442
Current portion of long-term debt.....	2,505	2,505
Total current liabilities.....	8,203	7,947
Long-term debt.....	29,519	29,623
Other non-current liabilities.....	6,541	6,459
Stockholders' equity.....	22,741	22,096
Total liabilities and stockholders' equity.....	<u>\$ 67,004</u>	<u>\$ 66,125</u>
Shares outstanding.....	757	755

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Amgen Inc.  
GAAP to Adjusted Reconciliations  
(In millions)  
(Unaudited)

	Three months ended	
	March 31,	
	2014	2013
<b>GAAP cost of sales</b>	\$ 1,090	\$ 744
<b>Adjustments to cost of sales:</b>		
Acquisition-related expenses (a)	(404)	(71)
Stock option expense	(2)	(2)
<b>Total adjustments to cost of sales</b>	<u>(406)</u>	<u>(73)</u>
<b>Adjusted cost of sales</b>	<u>\$ 684</u>	<u>\$ 671</u>
<b>GAAP research and development expenses</b>	\$ 1,027	\$ 878
<b>Adjustments to research and development expenses:</b>		
Acquisition-related expenses (b)	(31)	(22)
Stock option expense	(2)	(5)
<b>Total adjustments to research and development expenses</b>	<u>(33)</u>	<u>(27)</u>
<b>Adjusted research and development expenses</b>	<u>\$ 994</u>	<u>\$ 851</u>
<b>GAAP selling, general and administrative expenses</b>	\$ 1,023	\$ 1,158
<b>Adjustments to selling, general and administrative expenses:</b>		
Acquisition-related expenses (b)	(38)	(10)
Stock option expense	(2)	(4)
<b>Total adjustments to selling, general and administrative expenses</b>	<u>(40)</u>	<u>(14)</u>
<b>Adjusted selling, general and administrative expenses</b>	<u>\$ 983</u>	<u>\$ 1,144</u>
<b>GAAP operating expenses</b>	\$ 3,157	\$ 2,796
<b>Adjustments to operating expenses:</b>		
Adjustments to cost of sales	(406)	(73)
Adjustments to research and development expenses	(33)	(27)
Adjustments to selling, general and administrative expenses	(40)	(14)
Certain charges pursuant to our efforts to improve cost efficiencies in our operations (c)	(15)	(16)
Other (d)	(2)	(16)
<b>Total adjustments to operating expenses</b>	<u>(496)</u>	<u>(130)</u>
<b>Adjusted operating expenses</b>	<u>\$ 2,661</u>	<u>\$ 2,666</u>
<b>GAAP operating income</b>	\$ 1,364	\$ 1,442
Adjustments to operating expenses	496	130
<b>Adjusted operating income</b>	<u>\$ 1,860</u>	<u>\$ 1,572</u>
<b>GAAP other income/(expense)</b>	\$ (160)	\$ (99)
<b>Adjustments to other income/(expense):</b>		
Non-cash interest expense associated with our convertible notes	-	12
<b>Adjusted other income/(expense)</b>	<u>\$ (160)</u>	<u>\$ (87)</u>
<b>GAAP income before income taxes</b>	\$ 1,204	\$ 1,343
<b>Adjustments to income before income taxes:</b>		
Adjustments to operating expenses	496	130
Non-cash interest expense associated with our convertible notes	-	12
<b>Total adjustments to income before income taxes</b>	<u>496</u>	<u>142</u>
<b>Adjusted income before income taxes</b>	<u>\$ 1,700</u>	<u>\$ 1,485</u>
<b>GAAP provision/(benefit) for income taxes</b>	\$ 131	\$ (91)
<b>Adjustments to provision/(benefit) for income taxes:</b>		
Income tax effect of the above adjustments (e)	131	40
Other income tax adjustments (f)	-	38
<b>Total adjustments to provision/(benefit) for income taxes</b>	<u>131</u>	<u>78</u>
<b>Adjusted provision/(benefit) for income taxes</b>	<u>\$ 262</u>	<u>\$ (13)</u>
<b>GAAP net income</b>	\$ 1,073	\$ 1,434
<b>Adjustments to net income:</b>		
Adjustments to income before income taxes, net of the income tax effect of the above adjustments	365	102
Other income tax adjustments (f)	-	(38)
<b>Total adjustments to net income</b>	<u>365</u>	<u>64</u>
<b>Adjusted net income</b>	<u>\$ 1,438</u>	<u>\$ 1,498</u>

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**Amgen Inc.**  
**GAAP to Adjusted Reconciliations**  
**(In millions, except per share data)**  
**(Unaudited)**

The following table presents the computations for GAAP and Adjusted diluted EPS:

	<b>Three months ended</b>		<b>Three months ended</b>	
	<b>March 31, 2014</b>		<b>March 31, 2013</b>	
	<b>GAAP</b>	<b>Adjusted</b>	<b>GAAP</b>	<b>Adjusted</b>
Net income.....	\$ 1,073	\$ 1,438	\$ 1,434	\$ 1,498
Weighted-average shares for diluted EPS.....	<u>768</u>	<u>768</u>	<u>764</u>	<u>764</u>
Diluted EPS.....	<u>\$ 1.40</u>	<u>\$ 1.87</u>	<u>\$ 1.88</u>	<u>\$ 1.96</u>

- (a) The adjustments related primarily to non-cash amortization of intangible assets, including developed product technology rights, acquired in business combinations. The 2014 adjustments also include a \$99M charge related to the closing of an agreement associated with our acquiring the licenses to filgrastim and pegfilgrastim effective January 1, 2014.
- (b) The adjustments related primarily to non-cash amortization of intangible assets acquired in business combinations.
- (c) The adjustments related primarily to severance expenses.
- (d) The 2013 adjustments related primarily to various legal proceedings.
- (e) The tax effect of the adjustments between our GAAP and Adjusted results takes into account the tax treatment and related tax rate(s) that apply to each adjustment in the applicable tax jurisdiction(s). Generally, this results in a tax impact at the U.S. marginal tax rate for certain adjustments, including the majority of amortization of intangible assets, whereas the tax impact of other adjustments, including stock option expense, depends on whether the amounts are deductible in the tax jurisdictions where the expenses are incurred or the asset is located and the applicable tax rate(s) in those jurisdictions. Due to these factors, the effective tax rates for the adjustments to our GAAP income before income taxes, for the three months ended March 31, 2014 and 2013, were 26.4% and 28.2%, respectively.
- (f) The adjustments in 2013 related to resolving certain non-routine transfer-pricing and acquisition-related issues with tax authorities.

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**Amgen Inc.**  
**Reconciliations of Free Cash Flow**  
(In millions)  
(Unaudited)

	Three months ended	
	March 31,	
	2014	2013
Operating Cash Flow.....	\$ 1,142	\$ 1,049
Capital Expenditures.....	(172)	(158)
Free Cash Flow.....	<u>\$ 970</u>	<u>\$ 891</u>

**Reconciliation of GAAP EPS Guidance to Adjusted  
EPS Guidance for the Year Ending December 31, 2014  
(Unaudited)**

	2014	
GAAP diluted EPS guidance .....	\$ 6.65	\$ 6.95
<b>Known adjustments to arrive at Adjusted earnings*:</b>		
Acquisition-related expenses..... (a)	1.24	
Other..... (b)	0.01	
<b>Adjusted diluted EPS guidance .....</b>	<u>\$ 7.90</u>	<u>\$ 8.20</u>

\* The known adjustments are presented net of their related tax impact which amount to approximately \$0.63 per share in the aggregate.

- (a) The adjustments relate primarily to non-cash amortization of intangible assets acquired in prior year business combinations.
- (b) The adjustments include stock option expense, cost savings initiatives and various legal proceedings.

**Reconciliation of GAAP Tax Rate Guidance to Adjusted  
Tax Rate Guidance for the Year Ending December 31, 2014  
(Unaudited)**

	2014	
GAAP tax rate guidance.....	11%	12%
Tax rate effect of known adjustments discussed above.....	4%	
<b>Adjusted tax rate guidance .....</b>	<u>15%</u>	<u>16%</u>

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