



Q2 '19 EARNINGS CALL

JULY 30, 2019

AMGEN[®]

SAFE HARBOR STATEMENT

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 current reports on 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 July 30, 2019 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. Our results may be affected by our ability to successfully market both new and existing products domestically and internationally, clinical and regulatory developments involving current and future products, sales growth of recently launched products, competition from other products including biosimilars, difficulties or delays in manufacturing our products and global economic conditions. In addition, sales of our products are affected by pricing pressure, political and public scrutiny and 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. 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, including our devices, after they are on the market. Our business may be impacted by government investigations, litigation and product liability claims. In addition, our business may be impacted by the adoption of new tax legislation or exposure to additional tax liabilities. If we fail to meet the compliance obligations in the corporate integrity agreement between Amgen and the U.S. government, we could become subject to significant sanctions. 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, or we may fail to prevail in present and future intellectual property litigation. We perform a substantial amount of our commercial manufacturing activities at a few key facilities, including in Puerto Rico, and also depend on third parties for a portion of our manufacturing activities, and limits on supply may constrain sales of certain of our current products and product candidate development. We rely on collaborations with third parties for the development of some of our product candidates and for the commercialization and sales of some of our commercial products. In addition, we compete with other companies with respect to many of our marketed products as well as for the discovery and development of new products. Discovery or identification of new product candidates or development of new indications for existing products cannot be guaranteed and movement from concept to product is uncertain; consequently, there can be no guarantee that any particular product candidate or development of a new indication for an existing product 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. Certain of our distributors, customers and payers have substantial purchasing leverage in their dealings with us. The discovery of significant problems with a product similar to one of our products that implicate an entire class of products could have a material adverse effect on sales of the affected products and on our business and results of operations. Our efforts to acquire other companies or products and to integrate the operations of companies we have acquired may not be successful. A breakdown, cyberattack or information security breach could compromise the confidentiality, integrity and availability of our systems and our data. Our stock price is volatile and may be affected by a number of events. 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. We may not be able to access the capital and credit markets on terms that are favorable to us, or at all.

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 within the Investors section.

AGENDA

Introduction	Arvind Sood
Opening Remarks	Bob Bradway
Q2 '19 Business Results	David Meline
Global Commercial Review	Murdo Gordon
R&D Review	David Reese
Q&A	All

INVESTING FOR LONG-TERM GROWTH

- **We are executing well in an increasingly dynamic healthcare environment**
- **We are managing our portfolio of products effectively and delivering strong volume-driven growth**
- **We continue to work with the Administration, Congress and the entire healthcare community to advocate for solutions to the drug pricing debate**
- **Our biosimilars are well positioned to contribute to our long-term growth and we recently launched in the U.S.**
- **We continue to make significant investments in Research and Development to advance a pipeline of differentiated, first-in-class programs**
- **We are focused on delivering long-term growth for our shareholders**



Q2 '19 BUSINESS RESULTS

DAVID MELINE

EXECUTIVE VICE PRESIDENT
AND CHIEF FINANCIAL OFFICER

AMGEN[®]

NON-GAAP EPS IS UP 4% IN Q2 2019

\$ Millions, Except Non-GAAP EPS

Item	Q2 '19	Q2 '18	B/(W) %
Revenue	\$5,871	\$6,059	(3)%
Product Sales	5,574	5,679	(2)%
Other Revenues	297	380	
Non-GAAP Operating Expenses	2,898	2,928	1%
Cost of Sales <i>% of product sales</i>	736 13.2%	745 13.1%	
R&D <i>% of product sales</i>	906 16.3%	850 15.0%	
SG&A <i>% of product sales</i>	1,256 22.5%	1,333 23.5%	
Non-GAAP Operating Income <i>% of product sales</i>	2,973 53.3%	3,131 55.1%	(5)%
Other Income/(Expense)	(114)	(185)	
Non-GAAP Net Income	\$2,423	\$2,529	(4)%
Non-GAAP EPS	\$3.97	\$3.83	4%
Average Shares (millions)	610	660	8%
Non-GAAP Tax Rate	15.3%	14.2%	(1.1) pts

All income statement items for Q2 '19 and/or Q2 '18, except revenue, other income/(expense) and average shares, are 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 within the Investors section

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STRONG BALANCE SHEET WITH FREE CASH FLOW OF \$1.3B IN Q2 2019

\$ Billions

Cash Flow Data	Q2 '19	Q2 '18
Capital Expenditures	\$0.1	\$0.2
Free Cash Flow*	1.3	1.9
Share Repurchase	2.3	3.2
Dividends Paid	0.9	0.9
Balance Sheet Data	Q2 '19	Q2 '18
Cash and Investments	21.8	29.4
Debt Outstanding	30.6	34.5

*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 within the Investors section

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2019 GUIDANCE REVISED UPWARD

	Updated Guidance	Previous Guidance
Revenue	\$22.4B–\$22.9B	\$22.0B–\$22.9B
Non-GAAP EPS*	\$13.75–\$14.30	\$13.25–\$14.30
Non-GAAP Tax Rate*	14%–15%	14%–15%
Capital Expenditures	~ \$700M	~ \$700M

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GLOBAL COMMERCIAL REVIEW

MURDO GORDON

EXECUTIVE VICE PRESIDENT,
GLOBAL COMMERCIAL OPERATIONS

AMGEN[®]

Q2 '19 GLOBAL COMMERCIAL REVIEW

\$ Millions, Net Sales	Q2 '19			Q2 '18	YoY Δ
	U.S.	ROW	Total	Total	Total
Repatha [®]	\$91	\$61	\$152	\$148	3%
Prolia [®]	458	240	698	610	14%
EVENITY [™]	3	25	28	–	NM
Aimovig [®]	83	–	83	2	NM
Parsabiv [®]	148	20	168	73	130%
KYPROLIS [®]	166	101	267	263	2%
XGEVA [®]	379	120	499	452	10%
Vectibix [®]	79	117	196	173	13%
Nplate [®]	122	79	201	179	12%
BLINCYTO [®]	39	39	78	60	30%
Enbrel [®]	1,315	48	1,363	1,302	5%
Neulasta [®]	719	105	824	1,100	(25%)
NEUPOGEN [®]	55	20	75	102	(26%)
EPOGEN [®]	223	–	223	250	(11%)
Aranesp [®]	192	244	436	472	(8%)
Sensipar [®] /Mimpara [®]	43	79	122	420	(71%)
Biosimilars*	–	82	82	2	NM
Other**	27	52	79	71	11%
Total Product Sales	\$4,142	\$1,432	\$5,574	\$5,679	(2%)
Total Revenues			\$5,871	\$6,059	(3%)

NM = not meaningful

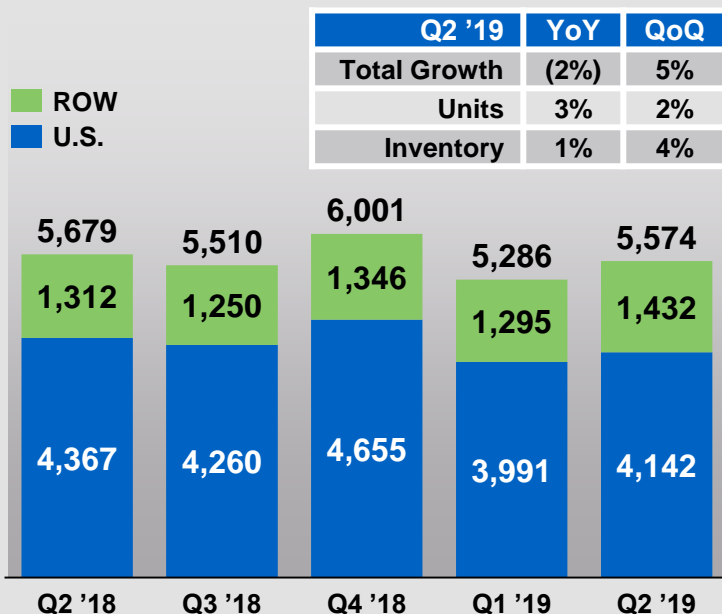
*Biosimilars includes AMGEVITA[™] and KANJINTI[™]

**Other includes Bergamo, MN Pharma, IMLYGIC[®] and Corlanor[®]

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Q2 '19 PRODUCT SALES

\$ Millions, Net Sales



	Q2 '19	YoY	QoQ
Total Growth		(2%)	5%
Units		3%	2%
Inventory		1%	4%

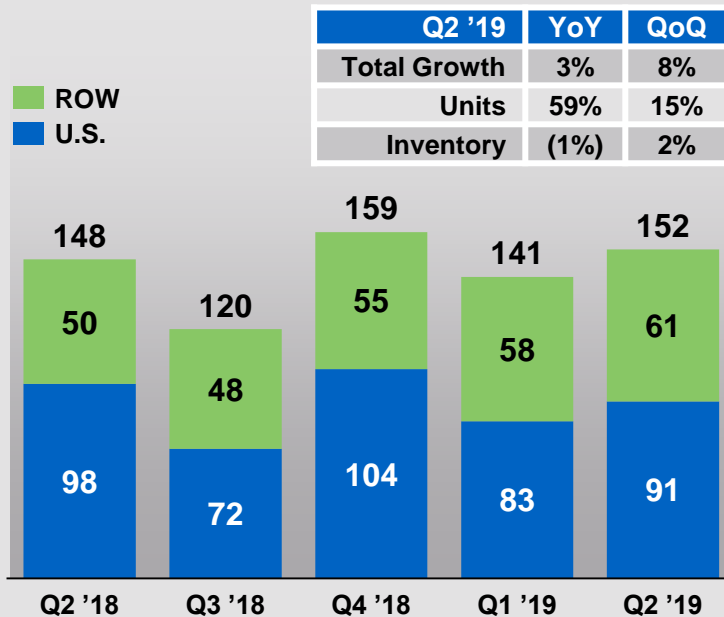
Q2 Highlights

- Volume driven growth from new and recently launched products
- International sales grew 14% YoY, excluding the impact of foreign exchange,* driven by 18% volume growth
- Competing effectively with our more mature brands

*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 within the Investors section
 Note: Inventory represents wholesaler and, based on prescription data for Enbrel®, end-user inventories
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Q2 '19 REPATHA® SALES GREW 3% YOY

\$ Millions, Net Sales



Highlights

- YoY growth driven primarily by unit volume, offset partially by net selling price* with 66% volume growth in U.S.
- Low list price Repatha®
 - Currently available to ~ 70% of Medicare patients
 - Only 7% of Medicare patients have access at low copay tier
- Blended U.S. net price declined and is impacting near-term sales
- We expect unit volume and sales growth over the longer term

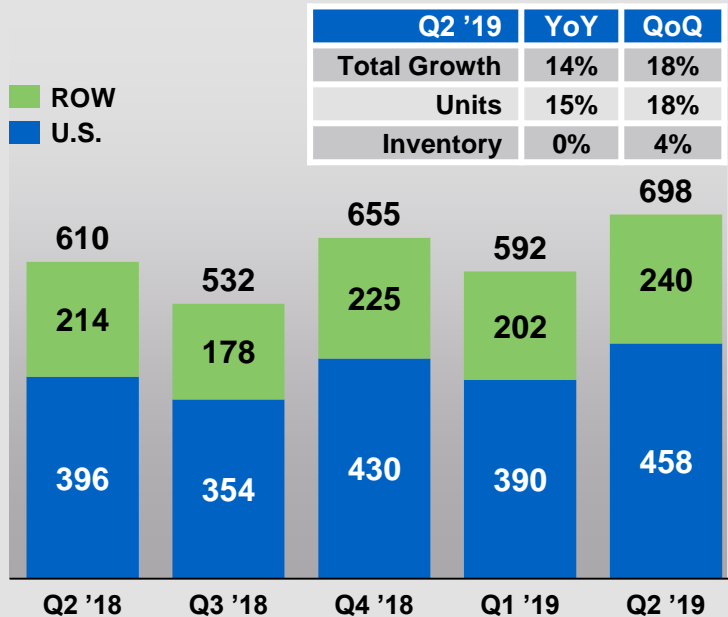
*Net selling price represents the impact of a 60% reduction in list price as well as contracting and access changes

Note: Inventory represents wholesaler inventories

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Q2 '19 PROLIA® SALES GREW 14% YOY

\$ Millions, Net Sales



	Q2 '19	YoY	QoQ
Total Growth		14%	18%
Units		15%	18%
Inventory		0%	4%

Highlights

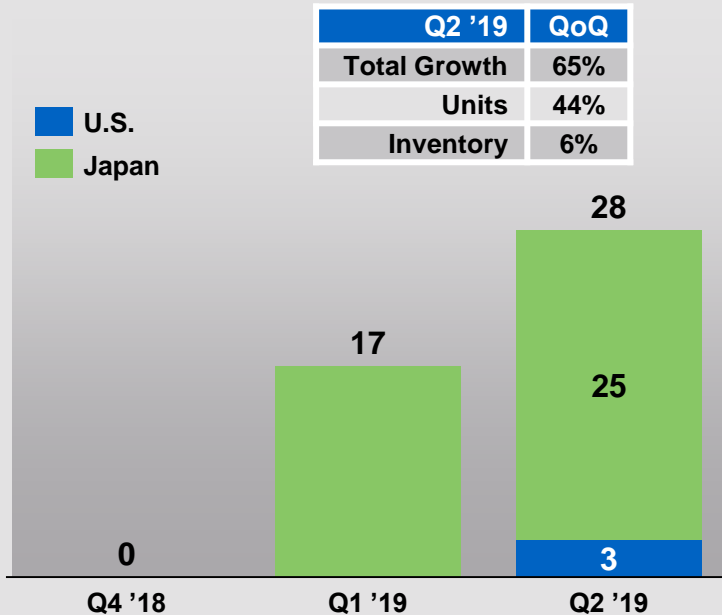
- Strong YoY performance with double-digit unit volume growth
- Double-digit YoY new patient growth in U.S.
- QoQ growth follows typical Prolia® seasonality

Note: Inventory represents wholesaler inventories

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EVENTITY™ OFFERS A NEW ALTERNATIVE IN OSTEOPOROSIS

\$ Millions, Net Sales



Highlights

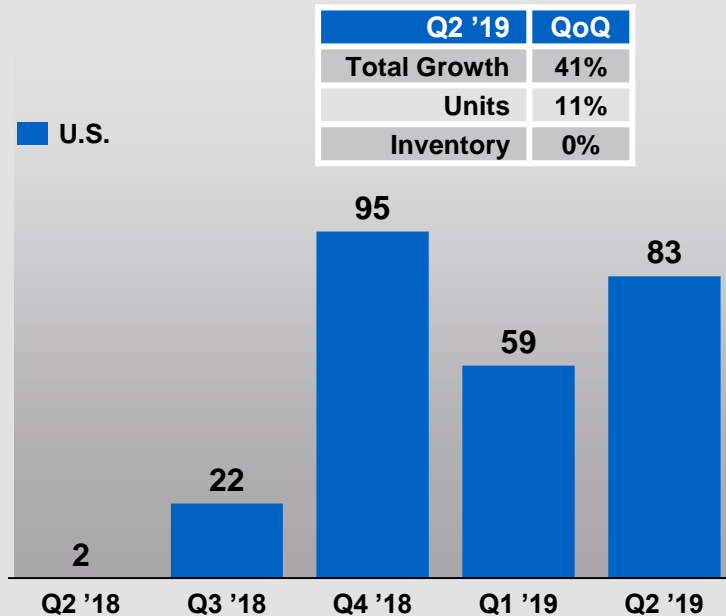
- Osteoporosis is a global epidemic, and in the U.S. alone is responsible for ~ 2 million fractures per year
- Early launch feedback has been positive with strong uptake in Japan

Note: Inventory represents wholesaler inventories

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AIMOVIG[®] IS THE LEADER WITHIN ITS CLASS

\$ Millions, Net Sales



Highlights

- Aimovig[®] remains the segment leader and to date
 - ~ 225,000 patients prescribed
 - ~ 1M prescriptions filled
 - ~ 27,000 prescribers
- Paid prescriptions increased to over 70% in Q2 versus ~ 60% in Q1
- We expect net selling price* to remain relatively stable
- Recently launched single 140 mg/mL monthly auto-injector

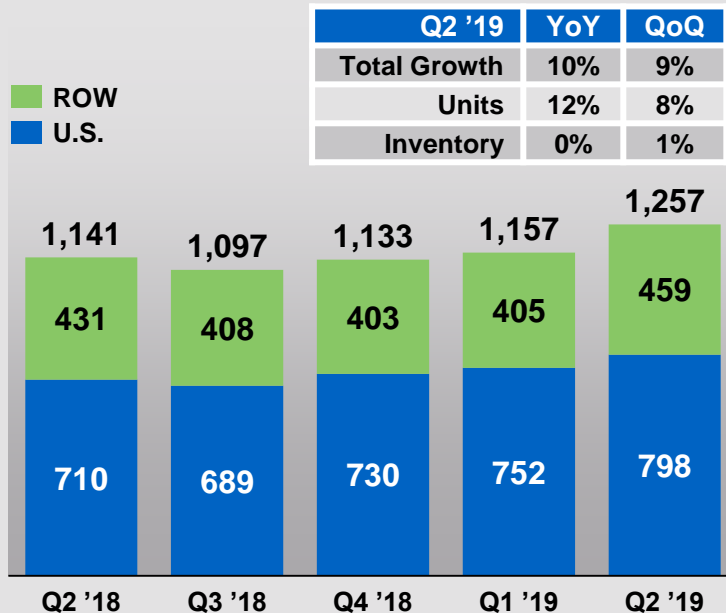
Aimovig[®] is developed in collaboration with Novartis; *Net selling price represents the impact of list price changes as well as contracting and access changes

Note: Inventory represents wholesaler inventories; CGRP = calcitonin gene-related peptide

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Q2 '19 HEMATOLOGY/ONCOLOGY* SALES GREW 10% YOY

\$ Millions, Net Sales



Highlights

- Sales totaled \$1.3 billion
- Double-digit YoY growth driven by unit volume growth
- All products in the U.S. grew double-digits

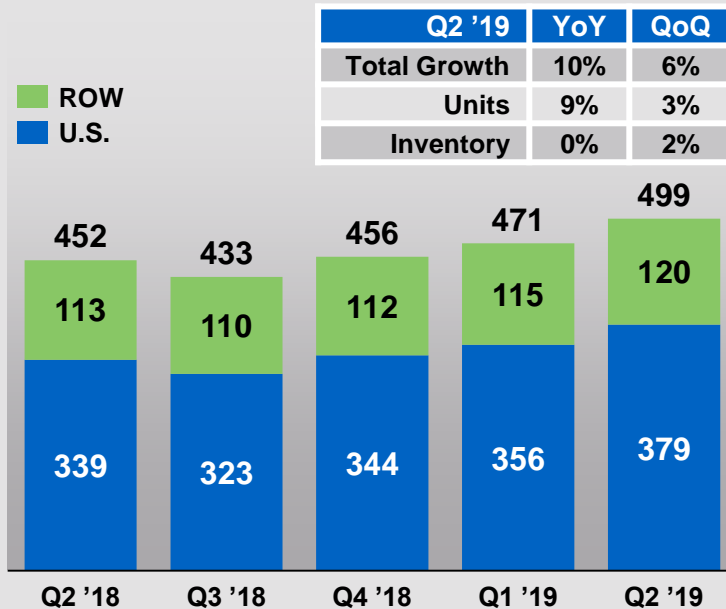
*Includes Vectibix®, Nplate®, XGEVA®, KYPROLIS®, BLINCYTO® and IMLYGIC®

Note: Inventory represents wholesaler inventories

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Q2 '19 XGEVA[®] SALES GREW 10% YOY

\$ Millions, Net Sales



Highlights

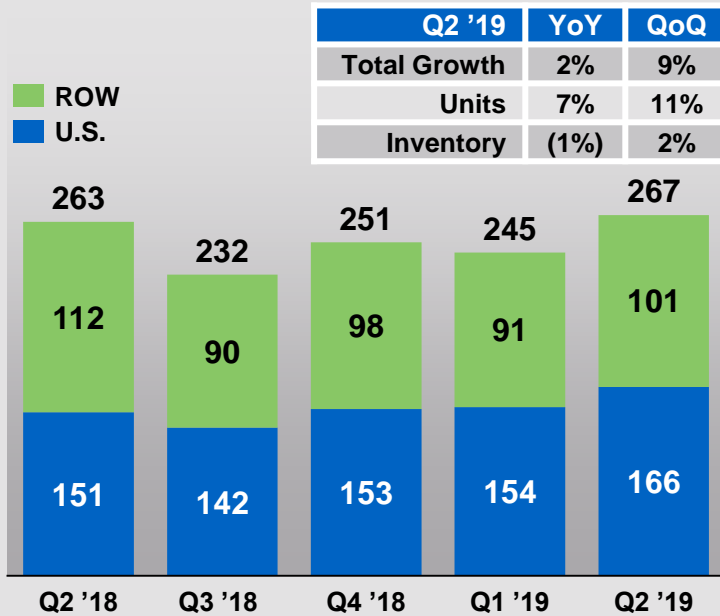
- YoY growth driven primarily by unit volume growth
- Rapid growth in multiple myeloma patients

Note: Inventory represents wholesaler inventories

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Q2 '19 KYPROLIS® SALES GREW 2% YOY

\$ Millions, Net Sales



Highlights

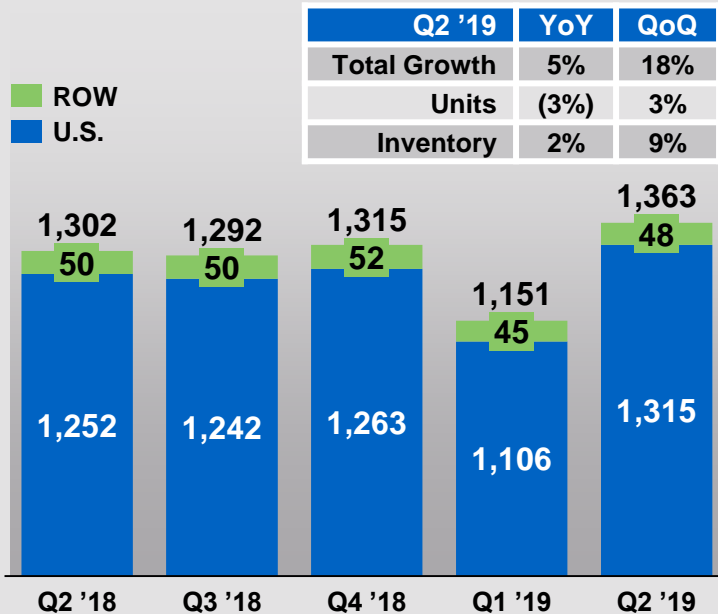
- Double-digit volume growth in the U.S. driven by strong demand
- YoY declines in ROW due to a \$27M clinical trial purchase in Q2 '18

Note: Inventory represents wholesaler inventories; ROW = Rest of World

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Q2 '19 ENBREL® SALES GREW 5% YOY

\$ Millions, Net Sales



Highlights

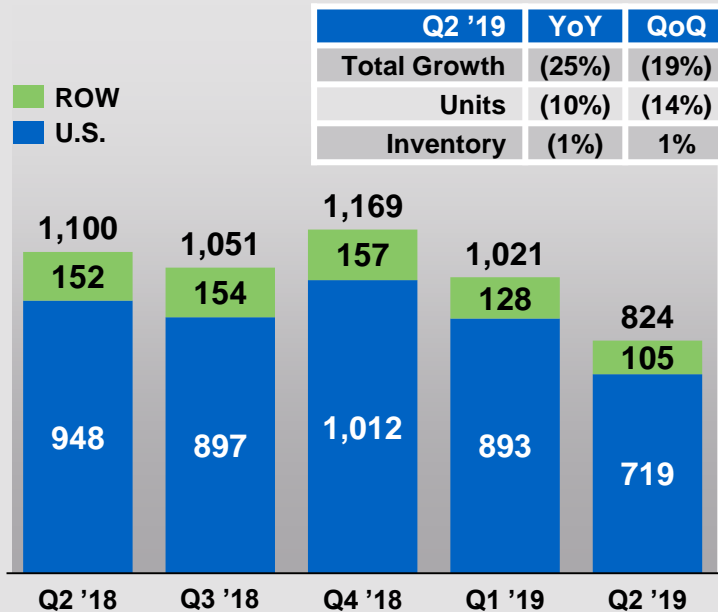
- YoY sales growth driven primarily by net selling price* benefits and favorable changes in inventory levels, offset partially by lower unit demand
- Expect volume trends to continue

*Net selling price represents the impact of list price changes as well as contracting and access changes
 Note: Inventory represents wholesaler and, based on prescription data, end-user inventories

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Q2 '19 NEULASTA® SALES DECREASED 25% YOY

\$ Millions, Net Sales



	Q2 '19	YoY	QoQ
Total Growth		(25%)	(19%)
Units		(10%)	(14%)
Inventory		(1%)	1%

Highlights

- YoY sales decrease driven by lower net selling price* and the impact of biosimilar competition on unit demand
- Exited Q2 with ~ 80% share of the long-acting segment
- Onpro® units stable QoQ

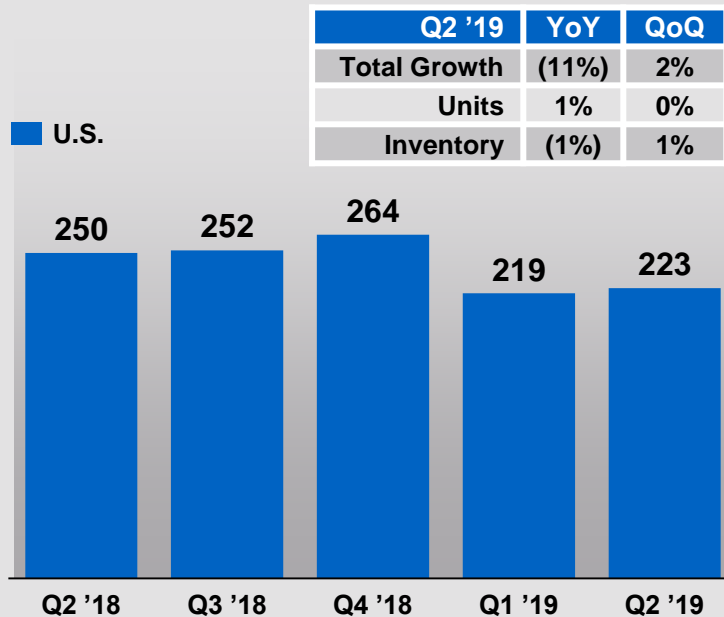
*Net selling price represents the impact of list price changes as well as contracting and access changes

Note: Inventory represents wholesaler inventories

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Q2 '19 EPOGEN® SALES DECLINED 11% YOY

\$ Millions, Net Sales



Highlights

- YoY sales decline primarily due to lower net selling price*
- Net selling price* will continue to decline in 2019 due to extended supply agreement with DaVita

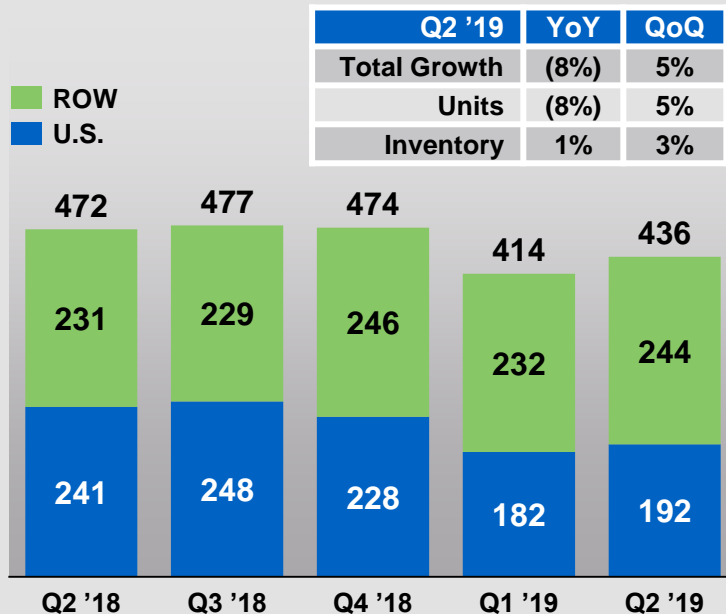
*Net selling price represents the impact of list price changes as well as contracting and access changes

Note: Inventory represents wholesaler inventories

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Q2 '19 ARANESP[®] SALES DECLINED 8% YOY

\$ Millions, Net Sales



	Q2 '19	YoY	QoQ
Total Growth		(8%)	5%
Units		(8%)	5%
Inventory		1%	3%

Highlights

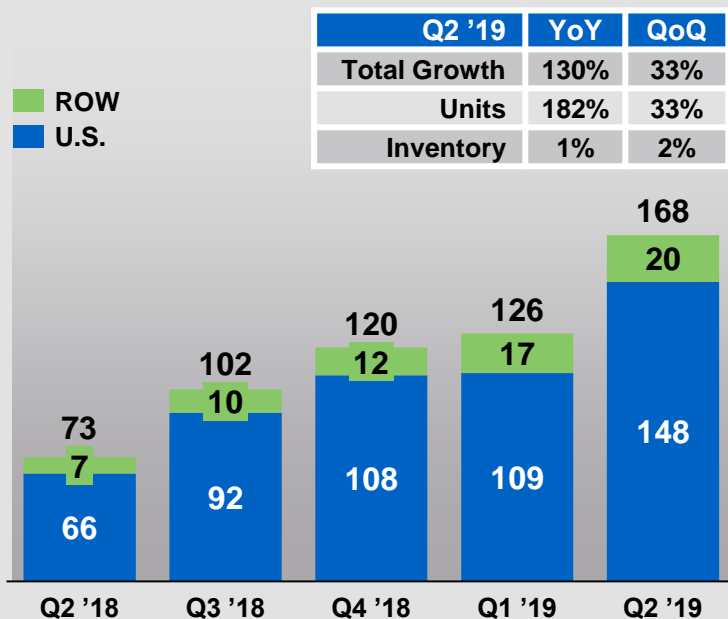
- YoY decline driven by the impact of competition on unit demand
- Expect YoY sales to decline at a faster rate in 2019 versus 2018 due to competition

Note: Inventory represents wholesaler inventories

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Q2 '19 PARSABIV® SALES CONTINUED ON A SOLID TRAJECTORY

\$ Millions, Net Sales



	Q2 '19	YoY	QoQ
Total Growth		130%	33%
Units		182%	33%
Inventory		1%	2%

Highlights

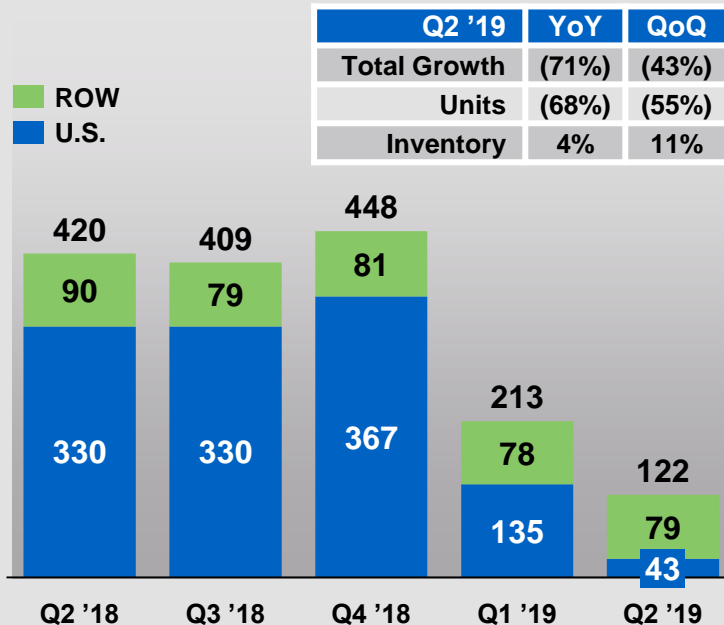
- Solid growth with sales more than doubling YoY
- Strong utilization at independent and midsize dialysis providers
- Large dialysis organizations continue to increase adoption gradually

Note: Inventory represents wholesaler inventories

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Q2 '19 SENSIPAR[®] SALES DECREASED 71% YOY

\$ Millions, Net Sales



Q2 '19	YoY	QoQ
Total Growth	(71%)	(43%)
Units	(68%)	(55%)
Inventory	4%	11%

Highlights

- YoY decrease driven by at-risk, small molecule generic launches
- Outlook remains uncertain given ongoing legal proceedings

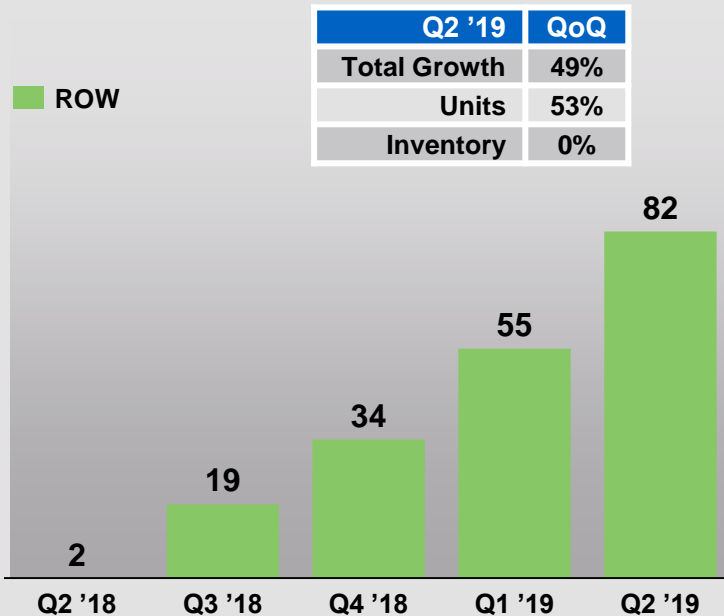
Note: Inventory represents wholesaler inventories

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BIOSIMILARS OFF TO A STRONG START AND REPRESENT A MEANINGFUL GROWTH OPPORTUNITY



\$ Millions, Net Sales



Highlights

- Launches of KANJINTI™ and AMGEVITA™ outside the U.S. annualizing at > \$300M
- Recently launched biosimilars in the U.S. with KANJINTI™ and MVASI™

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R&D REVIEW

DAVID REESE, M.D.
EXECUTIVE VICE PRESIDENT,
RESEARCH AND DEVELOPMENT

AMGEN[®]

Q2 '19 R&D UPDATE

Research

- **Intermountain Healthcare collaboration**
 - Combines Intermountain's internationally-recognized expertise in precision medicine and clinical care with deCODE Genetics' world-class expertise in human population genetics
 - Largest and most comprehensive DNA mapping effort to date in the U.S. from a single population will add 500,000 DNA samples to deCODE Genetics' database
- **Nuevolution acquisition**
 - Integrating world-class DNA-encoded library and other technologies

Q2 '19 R&D UPDATE

Cardiovascular

- **Omecamtiv mecarbil—myosin activator**
 - Completed enrollment in Phase 3 cardiovascular outcomes study (GALACTIC-HF)
- **AMG 890—Lp(a) siRNA**
 - Enrolling patients with elevated Lp(a) in Phase 1 study
 - Anticipate launching next phase of development in H1 '20

Inflammation

- **AMG 570—ICOSL-BAFF bispecific antibody-peptide conjugate**
 - Moving into Phase 2 development in Systemic Lupus Erythematosus

Bone

- **EVENITY™**
 - Request for re-examination of CHMP negative opinion submitted by UCB

Lp(a) = lipoprotein(a); siRNA = short interfering ribonucleic acid; ICOSL = Inducible T cell costimulator ligand; BAFF = B cell activating factor; CHMP = Committee for Medicinal Products for Human Use; EVENITY™ is developed in collaboration with UCB globally, as well as our joint venture partner Astellas in Japan; Omecamtiv mecarbil is being developed under a collaboration between Amgen and Cytokinetics, with funding and strategic support from Servier

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Q2 '19 R&D UPDATE

Oncology

- **AMG 510—KRAS G12C inhibitor**
 - First-in-human lung cancer data update at the IASLC World Conference on Lung Cancer
 - Tumor responses also seen in colorectal and appendiceal patients
 - Enrollment completed in monotherapy arm of dose expansion study
 - Enrolling patients in PD-1 combination arm of dose expansion study
 - Initiating potential registration enabling monotherapy study in 2019
- **CAR T programs**
 - Paused FLT3 and DLL3 programs; HLE-BiTE[®] programs for both targets ongoing

IASLC = International Association for the Study of Lung Cancer; PD-1 = programmed cell death protein 1; CAR T = chimeric antigen receptor enhanced T cells;
FLT3 = fms-like tyrosine kinase 3; DLL3 = delta-like 3; HLE = half-life extended
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Q2 '19 R&D UPDATE

Biosimilars

- **KANJINTI™ (biosimilar trastuzumab)**
 - Approved by FDA for all approved indications of Herceptin®
- **ABP 798 (biosimilar rituximab)**
 - Phase 3 data in non-Hodgkin's lymphoma expected Q3 '19
- **ABP 710 (biosimilar infliximab)**
 - FDA has set a December 14, 2019 Biosimilar User Fee Act target action date

DATA EXPECTED FROM MANY NOVEL, HIGH-POTENTIAL ONCOLOGY PROGRAMS

Multiple Myeloma	Leukemia/Lymphoma		Solid Tumors	
KYPROLIS® proteasome inhibitor	BLINCYTO® CD19 BiTE®	ALL NHL	IMLYGIC® oncolytic virus	Melanoma
AMG 420 BCMA BiTE®	AMG 562 CD19 HLE-BiTE®		AMG 509* prostate bispecific Ab (XmAb®)	Prostate
AMG 701 BCMA HLE-BiTE®	AMG 330 CD33 BiTE®	AML	AMG 160* PSMA HLE-BiTE®	
AMG 424 CD38 bispecific Ab (XmAb®)	AMG 673 CD33 HLE-BiTE®		AMG 757 DLL3 HLE-BiTE®	Small Cell Lung Cancer
AMG 176 MCL-1 inhibitor (iv)	AMG 427 FLT3 HLE-BiTE®		AMG 119 DLL3 CAR T	
AMG 397 MCL-1 inhibitor (oral)	AMG 553* FLT3 CAR T		AMG 510 KRAS G12C inhibitor	Solid Tumors
	AMG 176 MCL-1 inhibitor (iv)		AMG 199* HLE-BiTE®	Gastric
	AMG 397 MCL-1 inhibitor (oral)		AMG 910* HLE-BiTE®	
			AMG 596 EGFRviii BiTE®	Glioblastoma

Data expected 2019

Data possible 2019

*Not yet enrolling patients; HLE = half-life extended; Ab = antibody; Mcl-1 = myeloid cell leukemia-1; iv = intravenous; FLT3 = fms-like tyrosine kinase 3; CAR T = chimeric antigen receptor enhanced T cells; NHL = non-Hodgkin's lymphoma; AML = acute myeloid leukemia; PSMA = prostate-specific membrane antigen; DLL3 = delta-like 3; EGFR viii = epithelial growth factor receptor variant iii

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Q2 '19 EARNINGS CALL

JULY 30, 2019

AMGEN[®]



RECONCILIATIONS

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

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
Revenues:				
Product sales	\$ 5,574	\$ 5,679	\$ 10,860	\$ 11,02
Other revenues	297	380	568	59
Total revenues	<u>5,871</u>	<u>6,059</u>	<u>11,428</u>	<u>11,61</u>
Operating expenses:				
Cost of sales	1,012	1,024	2,067	1,96
Research and development	924	869	1,803	1,62
Selling, general and administrative	1,260	1,353	2,414	2,48
Other	(3)	(19)	(6)	(2
Total operating expenses	<u>3,193</u>	<u>3,227</u>	<u>6,278</u>	<u>6,05</u>
Operating income	2,678	2,832	5,150	5,55
Interest expense, net	332	347	675	68
Interest and other income, net	218	162	403	39
Income before income taxes	2,564	2,647	4,878	5,26
Provision for income taxes	385	351	707	65
Net income	<u>\$ 2,179</u>	<u>\$ 2,296</u>	<u>\$ 4,171</u>	<u>\$ 4,60</u>
Earnings per share:				
Basic	\$ 3.59	\$ 3.50	\$ 6.78	\$ 6.7
Diluted	\$ 3.57	\$ 3.48	\$ 6.75	\$ 6.7
Weighted-average shares used in calculation of earnings per share:				
Basic	607	656	615	68
Diluted	610	660	618	68

Provided July 30, 2019, as part of an oral presentation and is qualified by such, contains forward-looking statements, actual results may vary materially; Amgen disclaims any duty to update.

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

	June 30, 2019	December 31, 2018
	(Unaudited)	
Assets		
Current assets:		
Cash, cash equivalents and marketable securities	\$ 21,758	\$ 29,304
Trade receivables, net	3,801	3,580
Inventories	3,176	2,940
Other current assets	2,011	1,794
Total current assets	30,746	37,618
Property, plant and equipment, net	4,882	4,958
Intangible assets, net	6,813	7,443
Goodwill	14,689	14,699
Other assets	2,243	1,698
Total assets	\$ 59,373	\$ 66,416
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 7,806	\$ 9,069
Current portion of long-term debt	2,816	4,419
Total current liabilities	10,622	13,488
Long-term debt	27,798	29,510
Long-term deferred tax liabilities	763	864
Long-term tax liabilities	7,861	8,770
Other noncurrent liabilities	1,535	1,284
Total stockholders' equity	10,794	12,500
Total liabilities and stockholders' equity	\$ 59,373	\$ 66,416
Shares outstanding	602	630

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GAAP to Non-GAAP Reconciliations

(Dollars in millions)

(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
GAAP cost of sales	\$ 1,012	\$ 1,024	\$ 2,067	\$ 1,968
Adjustments to cost of sales:				
Acquisition-related expenses (a)	(276)	(279)	(552)	(545)
Total adjustments to cost of sales	(276)	(279)	(552)	(545)
Non-GAAP cost of sales	\$ 736	\$ 745	\$ 1,515	\$ 1,423
GAAP cost of sales as a percentage of product sales	18.2%	18.0%	19.0%	17.9%
Acquisition-related expenses (a)	-5.0	-4.9	-5.0	-5.0
Non-GAAP cost of sales as a percentage of product sales	13.2%	13.1%	14.0%	12.9%
GAAP research and development expenses	\$ 924	\$ 869	\$ 1,803	\$ 1,629
Adjustments to research and development expenses:				
Acquisition-related expenses (a)	(18)	(19)	(38)	(40)
Total adjustments to research and development expenses	(18)	(19)	(38)	(40)
Non-GAAP research and development expenses	\$ 906	\$ 850	\$ 1,765	\$ 1,589
GAAP research and development expenses as a percentage of product sales	16.6%	15.3%	16.6%	14.8%
Acquisition-related expenses (a)	-0.3	-0.3	-0.3	-0.4
Non-GAAP research and development expenses as a percentage of product sales	16.3%	15.0%	16.3%	14.4%
GAAP selling, general and administrative expenses	\$ 1,260	\$ 1,353	\$ 2,414	\$ 2,480
Adjustments to selling, general and administrative expenses:				
Acquisition-related expenses (a)	(5)	(20)	(9)	(45)
Certain net charges pursuant to our restructuring initiative	1	—	—	(3)
Total adjustments to selling, general and administrative expenses	(4)	(20)	(9)	(48)
Non-GAAP selling, general and administrative expenses	\$ 1,256	\$ 1,333	\$ 2,405	\$ 2,432
GAAP selling, general and administrative expenses as a percentage of product sales	22.6%	23.8%	22.2%	22.5%
Acquisition-related expenses (a)	-0.1	-0.3	-0.1	-0.4
Certain net charges pursuant to our restructuring initiative	0.0	0.0	0.0	0.0
Non-GAAP selling, general and administrative expenses as a percentage of product sales	22.5%	23.5%	22.1%	22.1%
GAAP operating expenses	\$ 3,193	\$ 3,227	\$ 6,278	\$ 6,055
Adjustments to operating expenses:				
Adjustments to cost of sales	(276)	(279)	(552)	(545)
Adjustments to research and development expenses	(18)	(19)	(38)	(40)
Adjustments to selling, general and administrative expenses	(4)	(20)	(9)	(48)
Certain net charges pursuant to our restructuring initiative	1	7	2	6
Certain other expenses	—	(25)	—	(25)
Acquisition-related adjustments	2	37	4	41
Total adjustments to operating expenses	(295)	(299)	(593)	(611)
Non-GAAP operating expenses	\$ 2,898	\$ 2,928	\$ 5,685	\$ 5,444
GAAP operating income	\$ 2,678	\$ 2,832	\$ 5,150	\$ 5,558
Adjustments to operating expenses	295	299	593	611
Non-GAAP operating income	\$ 2,973	\$ 3,131	\$ 5,743	\$ 6,169
GAAP operating income as a percentage of product sales	48.0%	49.9%	47.4%	50.4%
Adjustments to cost of sales	5.0	4.9	5.0	5.0
Adjustments to research and development expenses	0.3	0.3	0.3	0.4
Adjustments to selling, general and administrative expenses	0.1	0.3	0.1	0.4
Certain net charges pursuant to our restructuring initiative	0.0	0.0	0.0	0.0
Certain other expenses	0.0	0.4	0.0	0.2
Acquisition-related adjustments	-0.1	-0.7	0.1	-0.4
Non-GAAP operating income as a percentage of product sales	53.3%	55.1%	52.9%	56.0%

GAAP interest and other income, net

Adjustments to other income (b)

Non-GAAP interest and other income, net**GAAP income before income taxes**

Adjustments to operating expenses

Adjustments to other income (b)

Non-GAAP income before income taxes**GAAP provision for income taxes****Adjustments to provision for income taxes:**

Income tax effect of the above adjustments (c)

Other income tax adjustments (d)

Total adjustments to provision for income taxes**Non-GAAP provision for income taxes****GAAP tax as a percentage of income before taxes****Adjustments to provision for income taxes:**

Income tax effect of the above adjustments (c)

Other income tax adjustments (d)

Total adjustments to provision for income taxes**Non-GAAP tax as a percentage of income before taxes****GAAP net income****Adjustments to net income:**

Adjustments to income before income taxes, net of the income tax effect

Other income tax adjustments (d)

Total adjustments to net income**Non-GAAP net income**

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
GAAP interest and other income, net	\$ 218	\$ 162	\$ 403	\$ 393
Adjustments to other income (b)	—	—	—	(75)
Non-GAAP interest and other income, net	\$ 218	\$ 162	\$ 403	\$ 318
GAAP income before income taxes	\$ 2,564	\$ 2,647	\$ 4,878	\$ 5,266
Adjustments to operating expenses	295	299	593	611
Adjustments to other income (b)	—	—	—	(75)
Non-GAAP income before income taxes	\$ 2,859	\$ 2,946	\$ 5,471	\$ 5,802
GAAP provision for income taxes	\$ 385	\$ 351	\$ 707	\$ 659
Adjustments to provision for income taxes:				
Income tax effect of the above adjustments (c)	70	74	138	138
Other income tax adjustments (d)	(19)	(8)	(27)	10
Total adjustments to provision for income taxes	51	66	111	148
Non-GAAP provision for income taxes	\$ 436	\$ 417	\$ 818	\$ 807
GAAP tax as a percentage of income before taxes	15.0%	13.3%	14.5%	12.5%
Adjustments to provision for income taxes:				
Income tax effect of the above adjustments (c)	0.9	1.2	1.0	1.2
Other income tax adjustments (d)	-0.6	-0.3	-0.5	0.2
Total adjustments to provision for income taxes	0.3	0.9	0.5	1.4
Non-GAAP tax as a percentage of income before taxes	15.3%	14.2%	15.0%	13.9%
GAAP net income	\$ 2,179	\$ 2,296	\$ 4,171	\$ 4,607
Adjustments to net income:				
Adjustments to income before income taxes, net of the income tax effect	225	225	455	398
Other income tax adjustments (d)	19	8	27	(10)
Total adjustments to net income	244	233	482	388
Non-GAAP net income	\$ 2,423	\$ 2,529	\$ 4,653	\$ 4,995

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

The following table presents the computations for GAAP and non-GAAP diluted earnings per share:

	Three months ended June 30, 2019		Three months ended June 30, 2018	
	GAAP	Non-GAAP	GAAP	Non-GAAP
Net income	\$ 2,179	\$ 2,423	\$ 2,296	\$ 2,529
Weighted-average shares for diluted EPS	610	610	660	660
Diluted EPS	\$ 3.57	\$ 3.97	\$ 3.48	\$ 3.83
	Six months ended June 30, 2019		Six months ended June 30, 2018	
	GAAP	Non-GAAP	GAAP	Non-GAAP
Net income	\$ 4,171	\$ 4,653	\$ 4,607	\$ 4,995
Weighted-average shares for diluted EPS	618	618	685	685
Diluted EPS	\$ 6.75	\$ 7.53	\$ 6.73	\$ 7.29

- (a) The adjustments related primarily to noncash amortization of intangible assets acquired in business combinations.
- (b) For the six months ended June 30, 2018, the adjustment related to the net gain associated with the Kirin/Amgen share acquisition.
- (c) The tax effect of the adjustments between our GAAP and non-GAAP 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 restructuring expense, depends on whether the amounts are deductible in the respective tax jurisdictions 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 and six months ended June 30, 2019, were 23.7% and 23.3%, compared with 24.7% and 25.7% for the corresponding periods of the prior year.
- (d) The adjustments related primarily to certain acquisition items and prior-period items excluded from GAAP earnings.

Amgen Inc.
Reconciliations of Cash Flows
(In millions)
(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
Net cash provided by operating activities	\$ 1,414	\$ 2,102	\$ 3,259	\$ 4,829
Net cash provided by investing activities	2,745	2,938	6,300	17,844
Net cash used in financing activities	(5,992)	(4,650)	(10,979)	(16,342)
(Decrease) increase in cash and cash equivalents	(1,833)	390	(1,420)	6,331
Cash and cash equivalents at beginning of period	7,358	9,741	6,945	3,800
Cash and cash equivalents at end of period	\$ 5,525	\$ 10,131	\$ 5,525	\$ 10,131

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
Net cash provided by operating activities	\$ 1,414	\$ 2,102	\$ 3,259	\$ 4,829
Capital expenditures	(144)	(187)	(260)	(342)
Free cash flow	\$ 1,270	\$ 1,915	\$ 2,999	\$ 4,487

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**Reconciliation of GAAP EPS Guidance to Non-GAAP
EPS Guidance for the Year Ending December 31, 2019
(Unaudited)**

GAAP diluted EPS guidance	\$12.10	—	\$12.71
Known adjustment to arrive at non-GAAP*:			
Acquisition-related expenses (a)	1.55	—	1.61
Tax adjustments		0.04	
Non-GAAP diluted EPS guidance	<u>\$13.75</u>	<u>—</u>	<u>\$14.30</u>

* The known adjustments are presented net of their related tax impact, which amount to approximately \$0.38 per share.

(a) The adjustments relate primarily to non-cash amortization of intangible assets acquired in business combinations.

Our GAAP diluted EPS guidance does not include the effect of GAAP adjustments triggered by events that may occur subsequent to this press release such as acquisitions, asset impairments, litigation and changes in the fair value or our contingent consideration.

**Reconciliation of GAAP Tax Rate Guidance to Non-GAAP
Tax Rate Guidance for the Year Ending December 31, 2019
(Unaudited)**

GAAP tax rate guidance	13%	—	14%
Tax rate of known adjustments discussed above		1%	
Non-GAAP diluted EPS guidance	<u>14%</u>	<u>—</u>	<u>15%</u>

Amgen Inc. International Sales Performance Adjusted for Foreign Exchange

Amgen has presented international sales performance excluding the impact of foreign exchange. This measure adjusts for the translation effect of changes in average foreign exchange rates between the current period and the corresponding period in the prior year. Amgen's calculation to adjust for the impact of foreign exchange results in prior period weighted-average, foreign exchange rates being applied to current period product sales. Amgen believes that excluding the impact of foreign exchange enhances an investor's overall understanding of the financial performance and prospects for the future of Amgen's core business activities by facilitating comparisons of results of core business operations among current, past and future periods.



Q2 '19 EARNINGS CALL

JULY 30, 2019

AMGEN[®]