



Q3 '18 EARNINGS CALL

OCTOBER 30, 2018

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 October 30, 2018 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. 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. 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 may be 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
Q3 '18 Business Results	David Meline
Global Commercial Review	Murdo Gordon
R&D Review	David Reese
Q&A	All

INVESTING FOR LONG-TERM GROWTH

- **Strong double-digit, volume-driven growth from our new and recently launched products**
- **We are focused on innovative and differentiated medicines to address large unmet medical needs**
- **New product launches in neuroscience and our biosimilar portfolio are helping to deliver on our long-term growth potential**
- **Strong free cash flows allow us to invest in innovation**
- **Our outlook remains strong**



Q3 '18 BUSINESS RESULTS

DAVID MELINE

EXECUTIVE VICE PRESIDENT
AND CHIEF FINANCIAL OFFICER

AMGEN[®]

NON-GAAP EPS IS UP 13% IN Q3 2018

\$ Millions, Except Average Shares and Non-GAAP EPS

Item	Q3 '18	Q3 '17	B/(W) %
Revenue	\$5,904	\$5,773	2%
Product Sales	5,510	5,453	1%
Other Revenues	394	320	
Non-GAAP Operating Expenses	2,933	2,740	(7)%
Cost of Sales <i>% of product sales</i>	759 13.8%	735 13.5%	
R&D <i>% of product sales</i>	906 16.4%	858 15.7%	
SG&A <i>% of product sales</i>	1,268 23.0%	1,147 21.0%	
Non-GAAP Operating Income <i>% of product sales</i>	2,971 53.9%	3,033 55.6%	(2)%
Other Income/(Expense)	(222)	(58)	
Non-GAAP Net Income	\$2,392	\$2,399	(0)%
Non-GAAP EPS	\$3.69	\$3.27	13%
Average Shares (millions)	649	733	11%
Non-GAAP Tax Rate	13.0%	19.4%	6.4 pts

All income statement items for Q3 '18 and/or Q3 '17, except revenue 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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FREE CASH FLOW WAS \$3.1B IN Q3 2018

\$ Billions

Cash Flow Data	Q3 '18	Q3 '17
Capital Expenditures	\$0.2	\$0.2
Free Cash Flow*	3.1	3.3
Share Repurchase	1.7	0.8
Dividends Paid	0.9	0.8
Balance Sheet Data	Q3 '18	Q3 '17
Cash and Investments	29.9	41.4
Debt Outstanding	34.4	35.8

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2018 GUIDANCE

	Updated Guidance	Previous Guidance
Revenue	\$23.2B–\$23.5B	\$22.5B–\$23.2B
Non-GAAP EPS*	\$14.00–\$14.25	\$13.30–\$14.00
Non-GAAP Tax Rate*	13.5%–14.5%	13.5%–14.5%
Capital Expenditures	~ \$700M	~ \$750M

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GLOBAL COMMERCIAL REVIEW

MURDO GORDON

EXECUTIVE VICE PRESIDENT,
GLOBAL COMMERCIAL OPERATIONS

AMGEN[®]

Q3 '18 GLOBAL COMMERCIAL REVIEW

\$ Millions, Net Sales	Q3 '18			Q3 '17	YoY Δ
	U.S.	ROW	Total	Total	Total
Repatha [®]	\$72	\$48	\$120	\$89	35%
Prolia [®]	354	178	532	464	15%
KYPROLIS [®]	142	90	232	207	12%
XGEVA [®]	323	110	433	387	12%
BLINCYTO [®]	33	25	58	52	12%
Nplate [®]	107	70	177	159	11%
Vectibix [®]	71	110	181	168	8%
Parsabiv [®]	92	10	102	2	NM
Aimovig [®]	22	-	22	-	NM
EPOGEN [®]	252	-	252	264	(5%)
Enbrel [®]	1,242	50	1,292	1,363	(5%)
Neulasta [®]	897	154	1,051	1,123	(6%)
Aranesp [®]	248	229	477	516	(8%)
Sensipar [®] /Mimpara [®]	330	79	409	457	(11%)
NEUPOGEN [®]	52	33	85	138	(38%)
Other*	23	64	87	64	36%
Total Product Sales	\$4,260	\$1,250	\$5,510	\$5,453	1%
Total Revenues			\$5,904	\$5,773	2%

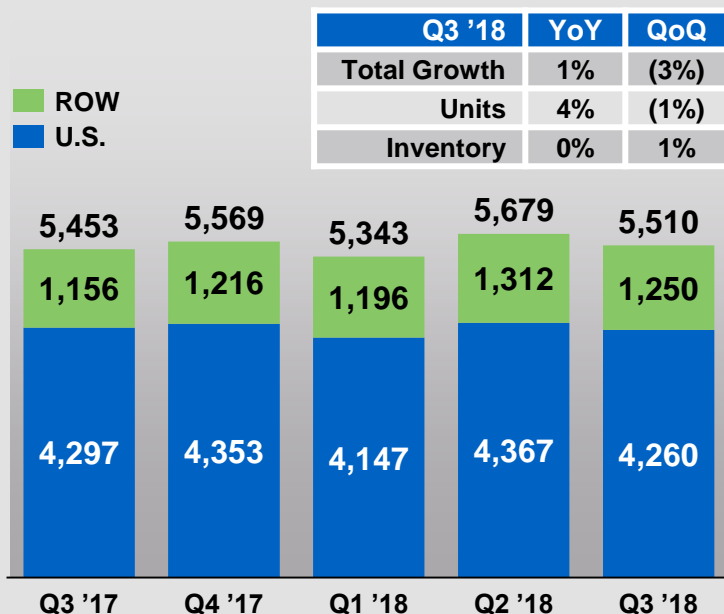
NM = not meaningful

*Other includes Bergamo, MN Pharma, IMLYGIC[®], Corlanor[®], and KANJINTI[™]; KANJINTI[™] trade name provisionally approved by the U.S. Food and Drug Administration

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Q3 '18 PRODUCT SALES

\$ Millions, Net Sales



Highlights

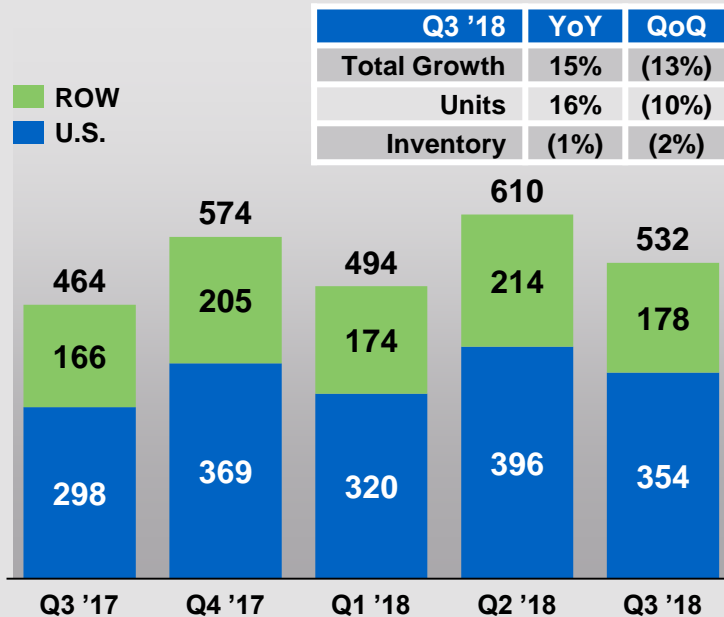
- Product sales grew 1%
- Double-digit growth from new and recently launched products
- International sales grew 11%, excluding the impact of foreign exchange,* driven by 15% unit growth

*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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Q3 '18 PROLIA® SALES GREW 15% YOY

\$ Millions, Net Sales



Highlights

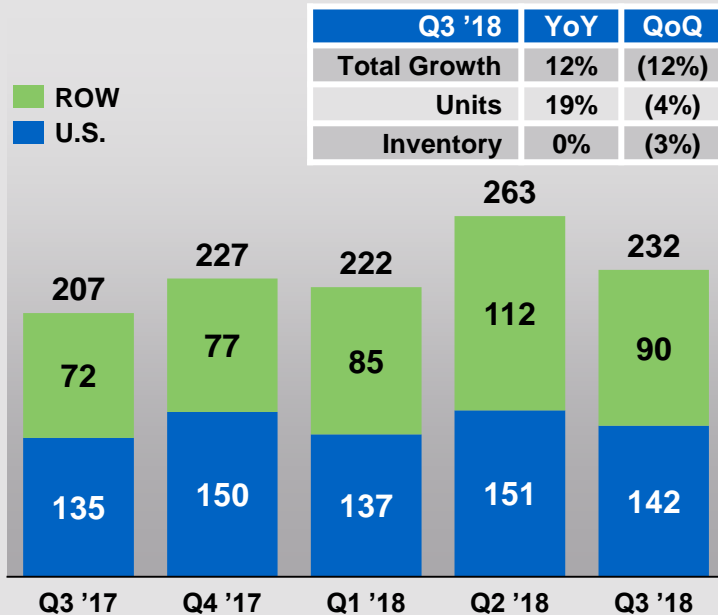
- Double-digit unit growth across global geographies
- Repeat injection rates remain strong
- QoQ decline follows typical Prolia® patterns for Q1 and Q3

Note: Inventory represents wholesaler inventories

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Q3 '18 KYPROLIS® SALES GREW 12% YOY

\$ Millions, Net Sales



Highlights

- Strong unit growth YoY driven primarily by ex-U.S. business
 - Ex-U.S. business benefited from a \$27M clinical trial purchase in Q2
- New and total patient shares gradually increasing
- Received FDA approval for once-weekly dosing option based on ARROW study

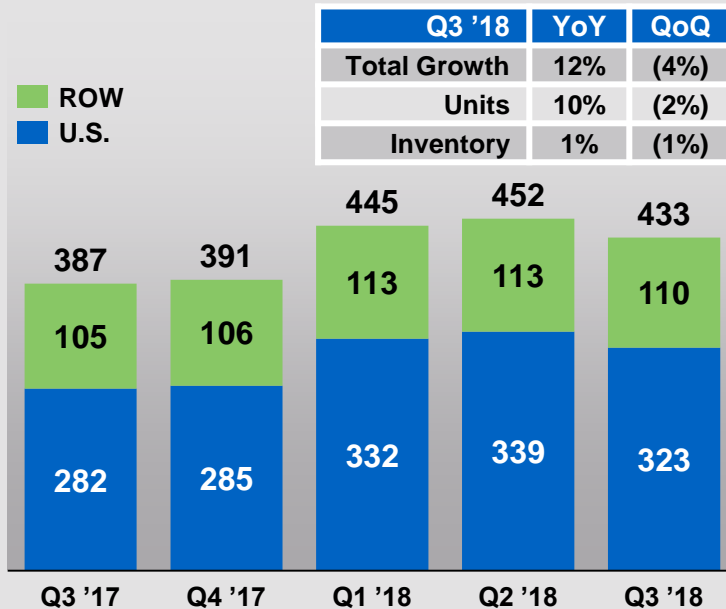
FDA = U.S. Food and Drug Administration

Note: Inventory represents wholesaler inventories

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Q3 '18 XGEVA[®] SALES GREW 12% YOY

\$ Millions, Net Sales



Highlights

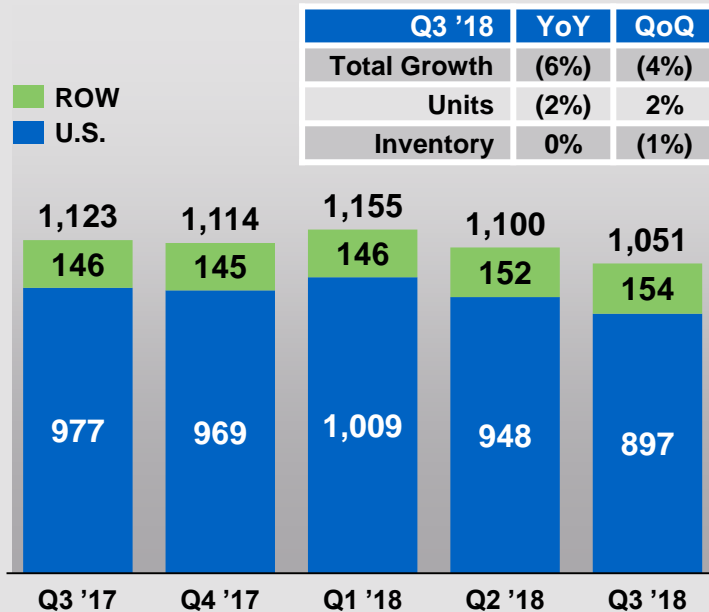
- YoY growth driven primarily from unit growth
- Share grew in multiple myeloma segment, which was updated in our U.S. label earlier this year

Note: Inventory represents wholesaler inventories

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Q3 '18 NEULASTA® SALES DECLINED 6% YOY

\$ Millions, Net Sales



Highlights

- YoY sales decrease driven by lower net selling price,* lower unit demand and favorable prior-period changes in accounting estimates
- Neulasta® Onpro® exited Q3 '18 with over 60% of U.S. Neulasta® units sold
- Competitive landscape changing with recent biosimilar approval and potential for second biosimilar by year-end

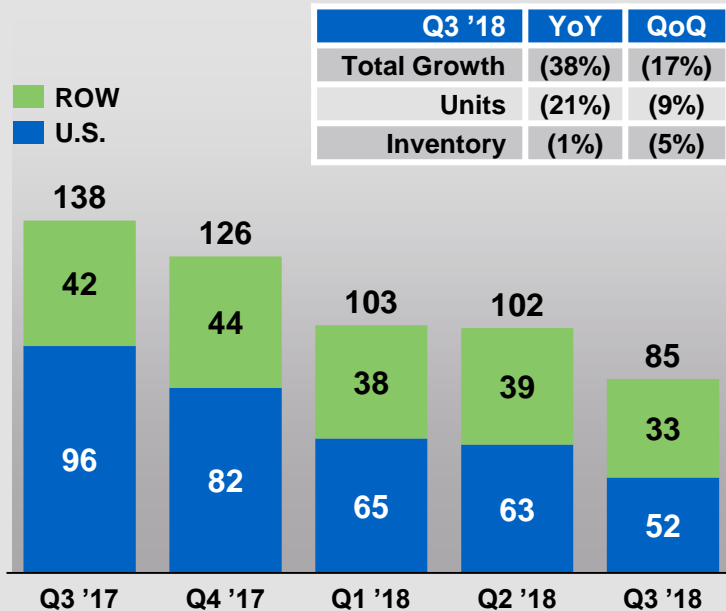
*Net selling price represents the impact of list price changes as well as contracting and access changes

Note: Inventory represents wholesaler inventories

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Q3 '18 NEUPOGEN® SALES DECLINED 38% YOY

\$ Millions, Net Sales



	Q3 '18	YoY	QoQ
Total Growth		(38%)	(17%)
Units		(21%)	(9%)
Inventory		(1%)	(5%)

Highlights

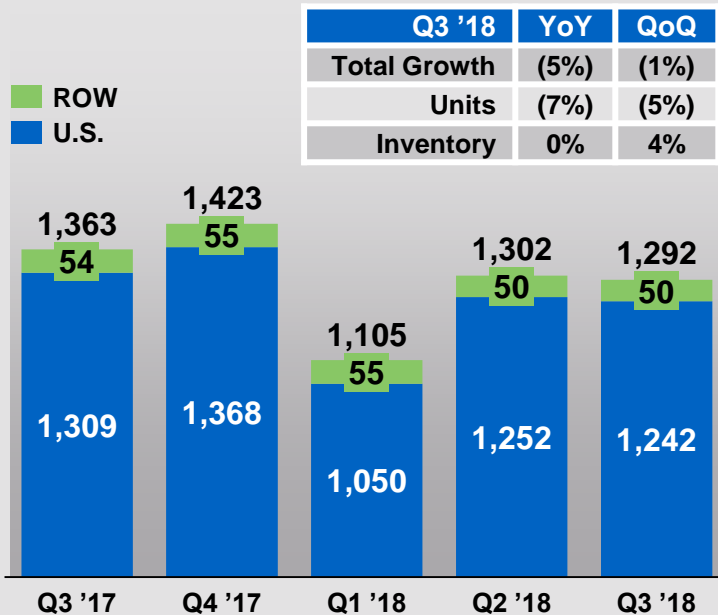
- Exited Q3 with 35% unit share of short-acting segment in the U.S.

Note: Inventory represents wholesaler inventories

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Q3 '18 ENBREL® SALES DECLINED 5% YOY

\$ Millions, Net Sales



	Q3 '18	YoY	QoQ
Total Growth		(5%)	(1%)
Units		(7%)	(5%)
Inventory		0%	4%

Highlights

- Unit trends consistent with recent quarters in both rheumatology and dermatology segments
- Expect volume, share, and net selling price* trends to continue

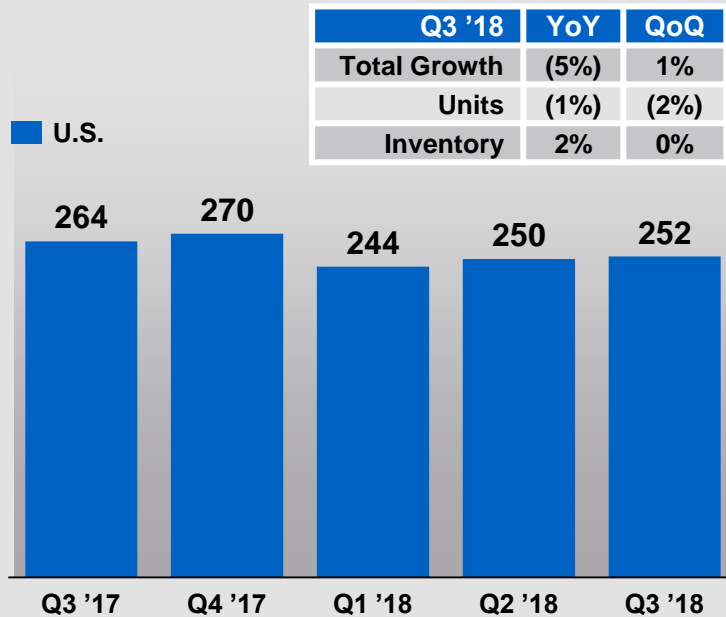
*Net selling price represents the impact of list price changes as well as contracting and access changes;

Note: Inventory represents wholesaler and, based on prescription data, end-user inventories

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Q3 '18 EPOGEN® SALES DECLINED 5% YOY

\$ Millions, Net Sales



Highlights

- YoY sales decline driven by lower net selling price*
- Potential for competition from recently approved short-acting biosimilar

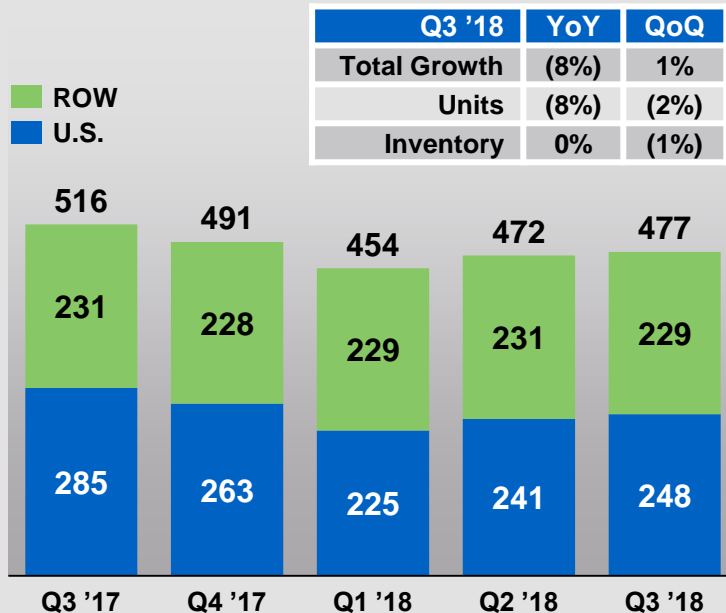
*Net selling price represents the impact of list price changes as well as contracting and access changes

Note: Inventory represents wholesaler inventories

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Q3 '18 ARANESP[®] SALES DECLINED 8% YOY

\$ Millions, Net Sales



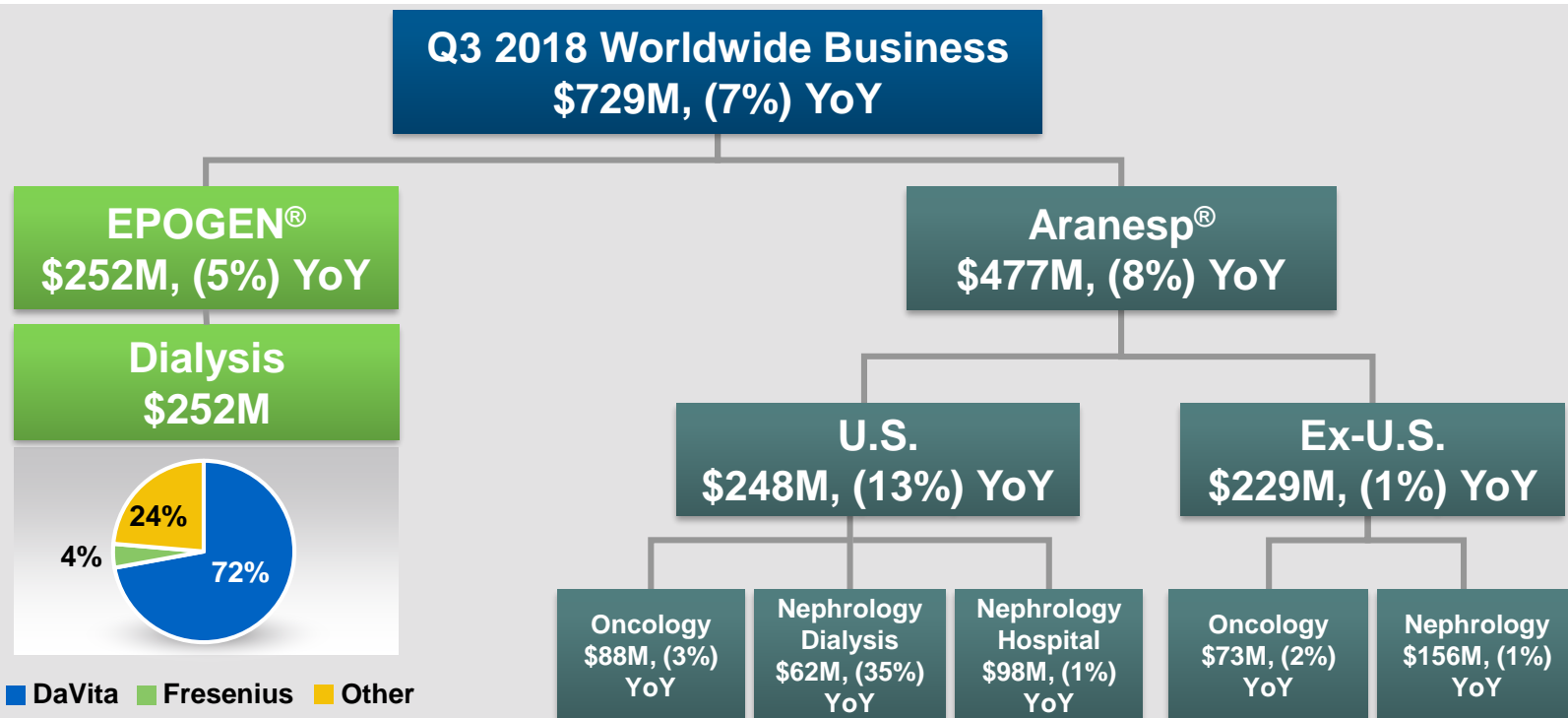
Highlights

- YoY decline driven primarily by the impact of competition on unit demand
- Potential for competition from recently approved short-acting biosimilar

Note: Inventory represents wholesaler inventories

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Q3 2018 ESA BREAKOUT

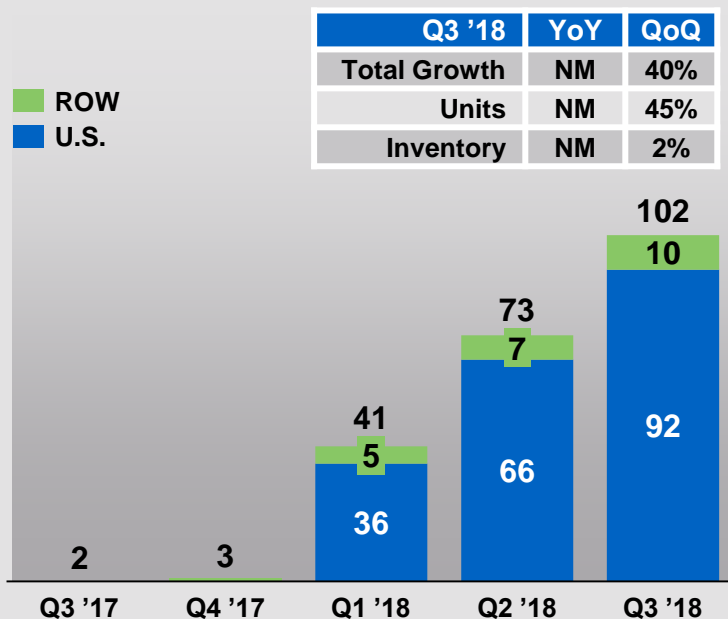


ESA = erythropoiesis-stimulating agent

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Q3 '18 PARSABIV® SALES GREW DUE TO INCREASING ADOPTION

\$ Millions, Net Sales

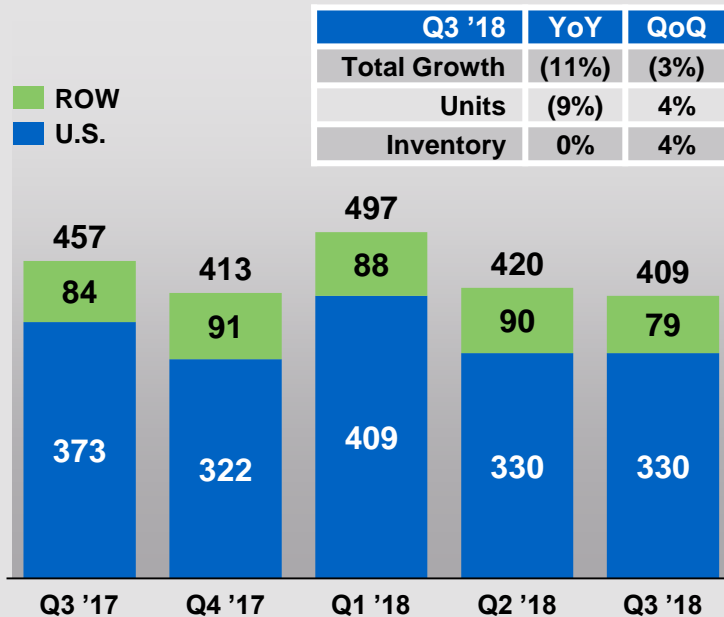


Highlights

- Solid uptake at independent and mid-size dialysis providers
- Large dialysis organizations gradually increasing adoption

Q3 '18 SENSIPAR[®] SALES DECLINED 11% YOY

\$ Millions, Net Sales



	Q3 '18	YoY	QoQ
Total Growth		(11%)	(3%)
Units		(9%)	4%
Inventory		0%	4%

Highlights

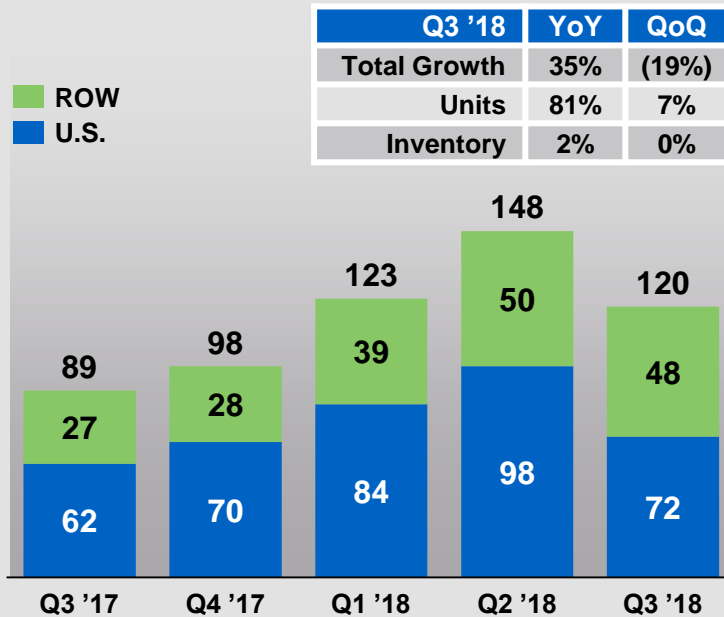
- YoY decline with launch of Parsabiv[®]
- Patent litigation ongoing
- Monitoring possible “at risk” entry of generic competition

Note: Inventory represents wholesaler and, based on prescription data, end-user inventories through Q4 '17; Represents wholesaler inventory only beginning in Q1 '18

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Q3 '18 REPATHA® SALES GREW 35% YOY

\$ Millions, Net Sales



Highlights

- YoY growth driven primarily by higher unit demand, offset partially by lower net selling price*
- Launched new NDC at list price of \$5,850 to reduce out-of-pocket expenses for Medicare Part D patients
- Expect increase in volume growth over time as plans update and patient accessibility and affordability improves

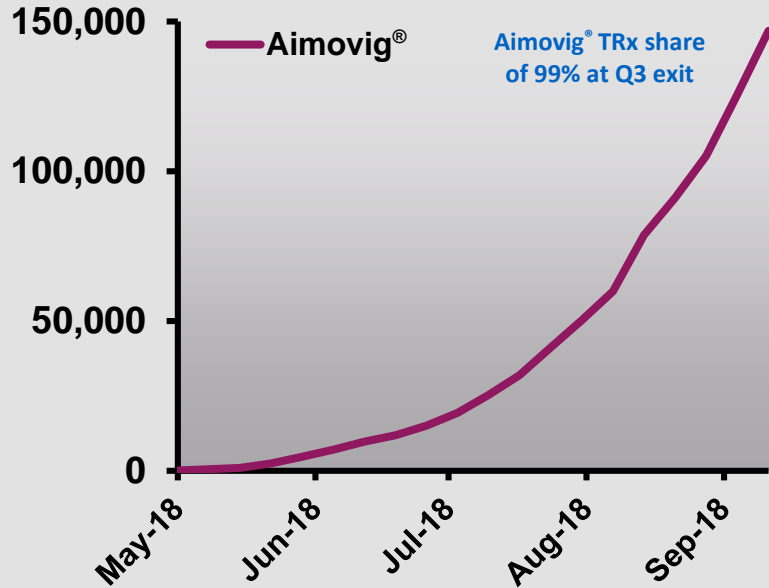
*Net selling price represents the impact of list price changes as well as contracting and access changes; NDC = National Drug Code

Note: Inventory represents wholesaler inventories

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AIMOVIG[®] LAUNCH TRAJECTORY IS STRONG

Total Weekly U.S. Prescriptions (TRx)



Highlights

- Launched Aimovig[®] in the U.S. in May with remarkable response from physicians and patients
 - ~ 12,000 prescribers and ~ 100,000 patient starts since launch
- Favorable approval rates with accessible price
- Expect prescription activity to moderate and normalize in coming weeks
- Confident in our product profile and first-mover advantage
- Two competitors approved in the U.S.

Aimovig[®] is developed in collaboration with Novartis

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R&D REVIEW

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

AMGEN[®]

MULTIPLE FIRST IN CLASS STUDY INITIATIONS IN Q3 '18

Program	Target/Modality	Indication
AMG 119	DLL3 CAR T	Small-cell lung cancer
AMG 397	Mcl-1 oral small molecule	Hematologic malignancies
AMG 424	CD38 bispecific Ab (XmAb [®])	Multiple myeloma
AMG 427	FLT3 HLE-BiTE [®]	Acute myeloid leukemia
AMG 510	KRAS G12C small molecule	Solid tumors
AMG 562	CD19 HLE-BiTE [®]	Hematologic malignancies
AMG 890	Lp(a) siRNA	Hyperlipidemia

DLL3 = Delta like protein 3; Mcl-1 = myeloid cell leukemia-1 ; Ab = antibody; FLT3 = Fms-like tyrosine kinase; HLE = half-life extended;

BiTE[®] = bispecific T-cell engager; Lp(a) = Lipoprotein(a); siRNA = small interfering RNA

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HIGH-POTENTIAL OPPORTUNITIES IN EARLY-STAGE HEMATOLOGY/ONCOLOGY

Solid Tumors

Small molecule/other	Immuno-Oncology
AMG 510 KRAS G12C inhibitor	AMG 596 EGFRvIII BiTE®
	AMG 757 DLL3 HLE-BiTE®
	AMG 119 DLL3 CAR T

Hematological Malignancies

Immuno-Oncology	Small molecule/other
AMG 420 BCMA BiTE®	AMG 176 MCL-1 inhibitor (iv)
AMG 330 CD33 BiTE®	AMG 397 MCL-1 inhibitor (oral)
AMG 701 BCMA HLE-BiTE®	
AMG 427 FLT3 HLE-BiTE®	
AMG 562 CD19 HLE-BiTE®	
AMG 673 CD33 HLE-BiTE®	
AMG 424 CD38 bispecific Ab (XmAb®)	

EGFRvIII = epidermal growth factor receptor variant III; BCMA = B-cell maturation antigen; FLT3 = Fms-like tyrosine kinase; iv = intravenous

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Q3 '18 R&D UPDATE

Oncology

- **KYPROLIS®**
 - Once-weekly dosing option in combination with dexamethasone approved in U.S. for patients with relapsed or refractory multiple myeloma
- **BLINCYTO®**
 - Approved in Japan for the treatment of relapsed or refractory (R/R) B-cell acute lymphoblastic leukemia (ALL)
 - Expanded indication in EU to include pediatric Ph- R/R ALL
- **AMG 420 (BCMA BiTE®) and AMG 330 (CD33 BiTE®)**
 - Phase 1 data presentations expected in Q4

Ph- = Philadelphia chromosome negative

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Q3 '18 R&D UPDATE

Neuroscience

- **Aimovig[®] (erenumab-aooe)**
 - **Approved in EU for the prevention of migraine in adults with ≥ 4 migraine days per month**
- **AMG 301**
 - **PAC1 antibody for migraine prevention**
 - **Completion of Phase 2 study expected by year-end**

Q3 '18 R&D UPDATE

Cardiovascular

- **Repatha[®]**
 - Approved in China for the treatment of adults and adolescents over 12 years old with homozygous familial hypercholesterolemia
- **AMG 890 – Lp(a) siRNA molecule**
 - Phase 1 study initiated in subjects with elevated Lp(a)
- **AMG 594 – small-molecule cardiac troponin activator**
 - Advancing to Phase 1 for heart failure

Inflammation

- **Tezepelumab**
 - FDA granted breakthrough-therapy designation for patients with severe asthma without an eosinophilic phenotype



Q3 '18 EARNINGS CALL

OCTOBER 30, 2018

AMGEN[®]



RECONCILIATIONS

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

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2018	2017	2018	2017
Revenues:				
Product sales.....	\$ 5,510	\$ 5,453	\$ 16,532	\$ 16,226
Other revenues.....	394	320	985	821
Total revenues.....	<u>5,904</u>	<u>5,773</u>	<u>17,517</u>	<u>17,047</u>
Operating expenses:				
Cost of sales.....	1,037	990	3,005	3,010
Research and development.....	926	877	2,555	2,519
Selling, general and administrative.....	1,293	1,170	3,773	3,443
Other.....	325	297	303	347
Total operating expenses.....	<u>3,581</u>	<u>3,334</u>	<u>9,636</u>	<u>9,319</u>
Operating income.....	2,323	2,439	7,881	7,728
Interest expense, net.....	355	325	1,040	972
Interest and other income, net.....	<u>126</u>	<u>267</u>	<u>519</u>	<u>627</u>
Income before income taxes.....	2,094	2,381	7,360	7,383
Provision for income taxes.....	<u>235</u>	<u>360</u>	<u>894</u>	<u>1,140</u>
Net income.....	<u>\$ 1,859</u>	<u>\$ 2,021</u>	<u>\$ 6,466</u>	<u>\$ 6,243</u>
Earnings per share:				
Basic.....	\$ 2.88	\$ 2.78	\$ 9.67	\$ 8.52
Diluted.....	\$ 2.86	\$ 2.76	\$ 9.61	\$ 8.46
Weighted-average shares used in calculation of earnings per share:				
Basic.....	645	728	669	733
Diluted.....	649	733	673	738

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

	<u>September 30, 2018</u>	<u>December 31, 2017</u>
	(Unaudited)	
Assets		
Current assets:		
Cash, cash equivalents and marketable securities.....	\$ 29,921	\$ 41,678
Trade receivables, net.....	3,441	3,237
Inventories.....	3,017	2,834
Other current assets.....	1,941	1,727
Total current assets.....	<u>38,320</u>	<u>49,476</u>
Property, plant and equipment, net.....	4,899	4,989
Intangible assets, net.....	7,782	8,609
Goodwill.....	14,684	14,761
Other assets.....	1,648	2,119
Total assets.....	<u>\$ 67,333</u>	<u>\$ 79,954</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities.....	\$ 7,355	\$ 7,868
Current portion of long-term debt.....	<u>5,077</u>	<u>1,152</u>
Total current liabilities.....	12,432	9,020
Long-term debt.....	29,350	34,190
Long-term deferred tax liabilities.....	978	1,166
Long-term tax liabilities.....	8,832	9,099
Other noncurrent liabilities.....	1,392	1,238
Stockholders' equity.....	<u>14,349</u>	<u>25,241</u>
Total liabilities and stockholders' equity.....	<u>\$ 67,333</u>	<u>\$ 79,954</u>
Shares outstanding.....	640	722

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Amgen Inc.
GAAP to Non-GAAP Reconciliation
(Dollars in millions)
(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2017	2017	2018	2017
GAAP cost of sales	\$ 1,037	\$ 990	\$ 3,005	\$ 3,010
Adjustments to cost of sales:				
Acquisition-related expenses (a)	(278)	(255)	(823)	(883)
Total adjustments to cost of sales	<u>(278)</u>	<u>(255)</u>	<u>(823)</u>	<u>(883)</u>
Non-GAAP cost of sales	\$ 759	\$ 735	\$ 2,182	\$ 2,127
GAAP cost of sales as a percentage of product sales	18.8%	18.2%	18.2%	18.6%
Acquisition-related expenses (a)	-5.0	-4.7	-5.0	-5.5
Non-GAAP cost of sales as a percentage of product sales	<u>13.8%</u>	<u>13.5%</u>	<u>13.2%</u>	<u>13.1%</u>
GAAP research and development expenses	\$ 926	\$ 877	\$ 2,555	\$ 2,519
Adjustments to research and development expense:				
Acquisition-related expenses (a)	(19)	(19)	(59)	(57)
Certain net charges pursuant to our restructuring initiative	(11)	-	(11)	(5)
Total adjustments to research and development expenses	<u>(20)</u>	<u>(19)</u>	<u>(60)</u>	<u>(62)</u>
Non-GAAP research and development expenses	\$ 906	\$ 858	\$ 2,495	\$ 2,457
GAAP research and development expenses as a percentage of product sales	16.8%	16.1%	15.2%	15.5%
Acquisition-related expenses (a)	-0.4	-0.4	-0.4	-0.4
Certain net charges pursuant to our restructuring initiative	0.0	0.0	0.0	0.0
Non-GAAP research and development expenses as a percentage of product sales	<u>16.4%</u>	<u>15.7%</u>	<u>15.1%</u>	<u>15.1%</u>
GAAP selling, general and administrative expenses	\$ 1,293	\$ 1,170	\$ 3,773	\$ 3,443
Adjustments to selling, general and administrative expenses:				
Acquisition-related expenses (a)	(20)	(22)	(65)	(79)
Certain net charges pursuant to our restructuring initiative	(5)	(1)	(8)	(1)
Other	-	-	-	(3)
Total adjustments to selling, general and administrative expenses	<u>(25)</u>	<u>(23)</u>	<u>(73)</u>	<u>(83)</u>
Non-GAAP selling, general and administrative expenses	\$ 1,268	\$ 1,147	\$ 3,700	\$ 3,360
GAAP selling, general and administrative expenses as a percentage of product sales	23.5%	21.9%	22.8%	21.2%
Acquisition-related expenses (a)	-0.4	-0.5	-0.4	-0.5
Certain net charges pursuant to our restructuring initiative	-0.1	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0
Non-GAAP selling, general and administrative expenses as a percentage of product sales	<u>23.0%</u>	<u>21.0%</u>	<u>22.4%</u>	<u>20.7%</u>
GAAP operating expenses	\$ 3,581	\$ 3,334	\$ 9,636	\$ 9,319
Adjustments to operating expense:				
Adjustments to cost of sales	(278)	(255)	(823)	(883)
Adjustments to research and development expenses	(20)	(19)	(60)	(62)
Adjustments to selling, general and administrative expenses	(25)	(23)	(73)	(83)
Certain net charges pursuant to our restructuring initiative (b)	2	(10)	8	(58)
Certain other expenses	-	-	(25)	-
Acquisition-related adjustments (c)	(327)	(287)	(986)	(991)
Total adjustments to operating expenses	<u>(648)</u>	<u>(594)</u>	<u>(1,959)</u>	<u>(1,975)</u>
Non-GAAP operating expenses	\$ 2,933	\$ 2,740	\$ 7,677	\$ 7,344
GAAP operating income	\$ 2,323	\$ 2,439	\$ 7,881	\$ 7,728
Adjustments to operating expenses	648	594	1,959	1,975
Non-GAAP operating income	<u>\$ 2,971</u>	<u>\$ 3,033</u>	<u>\$ 9,840</u>	<u>\$ 9,703</u>
GAAP operating income as a percentage of product sales	42.2%	44.7%	47.7%	47.6%
Adjustments to cost of sales	5.0	4.7	5.0	5.5
Adjustments to research and development expenses	0.4	0.4	0.4	0.4
Adjustments to selling, general and administrative expenses	0.5	0.5	0.4	0.5
Certain net charges pursuant to our restructuring initiative (b)	-0.1	0.1	0.0	0.3
Certain other expenses	0.0	0.0	0.1	0.0
Acquisition-related adjustments (c)	5.9	5.2	1.7	1.8
Non-GAAP operating income as a percentage of product sales	<u>53.9%</u>	<u>55.6%</u>	<u>55.3%</u>	<u>56.1%</u>
GAAP interest and other income, net	\$ 126	\$ 267	\$ 519	\$ 627
Adjustments to other income (d)	7	-	(68)	-
Non-GAAP interest and other income, net	\$ 133	\$ 267	\$ 451	\$ 627
GAAP income before income taxes	\$ 2,094	\$ 2,381	\$ 7,360	\$ 7,383
Adjustments to operating expenses	648	594	1,959	1,975
Adjustments to other income (d)	7	-	(68)	-
Non-GAAP income before income taxes	<u>\$ 2,749</u>	<u>\$ 2,975</u>	<u>\$ 8,351</u>	<u>\$ 8,758</u>
GAAP provision for income taxes	\$ 235	\$ 360	\$ 894	\$ 1,140
Adjustments to provision for income taxes:				
Income tax effect of the above adjustments (e)	147	204	285	440
Other income tax adjustments (f)	(25)	12	(15)	36
Total adjustments to provision for income taxes	<u>122</u>	<u>216</u>	<u>270</u>	<u>476</u>
Non-GAAP provision for income taxes	\$ 357	\$ 576	\$ 1,164	\$ 1,616
GAAP tax as a percentage of income before taxes	11.2%	15.1%	12.1%	15.4%
Adjustments to provision for income taxes:				
Income tax effect of the above adjustments (e)	2.7	3.9	1.7	2.6
Other income tax adjustments (f)	-0.9	0.4	-0.2	0.5
Total adjustments to provision for income taxes	<u>1.8</u>	<u>4.3</u>	<u>1.5</u>	<u>3.1</u>
Non-GAAP tax as a percentage of income before taxes	<u>13.0%</u>	<u>19.4%</u>	<u>13.6%</u>	<u>18.5%</u>
GAAP net income	\$ 1,859	\$ 2,021	\$ 6,466	\$ 6,243
Adjustments to net income:				
Adjustments to income before income taxes, net of the income tax effect	508	390	908	935
Other income tax adjustments (f)	25	(12)	15	(36)
Total adjustments to net income	<u>533</u>	<u>378</u>	<u>923</u>	<u>899</u>
Non-GAAP net income	\$ 2,392	\$ 2,399	\$ 7,389	\$ 7,142

Provided October 30, 2018, 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.
GAAP to Non-GAAP Reconciliations
(In millions, except per-share data)
(Unaudited)

The following table presents the computations for GAAP and non-GAAP diluted EPS.

	Three months ended September 30, 2018		Three months ended September 30, 2017	
	GAAP	Non-GAAP	GAAP	Non-GAAP
Net income.....	\$ 1,859	\$ 2,392	\$ 2,021	\$ 2,399
Weighted-average shares for diluted EPS.....	649	649	733	733
Diluted EPS.....	<u>\$ 2.86</u>	<u>\$ 3.69</u>	<u>\$ 2.76</u>	<u>\$ 3.27</u>
	Nine months ended September 30, 2018		Nine months ended September 30, 2017	
	GAAP	Non-GAAP	GAAP	Non-GAAP
Net income.....	\$ 6,466	\$ 7,387	\$ 6,243	\$ 7,142
Weighted-average shares for diluted EPS.....	673	673	738	738
Diluted EPS.....	<u>\$ 9.61</u>	<u>\$ 10.98</u>	<u>\$ 8.46</u>	<u>\$ 9.68</u>

- (a) The adjustments related primarily to non-cash amortization of intangible assets acquired in business combinations.
- (b) For the nine months ended September 30, 2017, the adjustment related primarily to severance expenses associated with our restructuring initiative.
- (c) The adjustments related primarily to impairments of intangible assets acquired in business combinations.
- (d) For the nine months ended September 30, 2018, the adjustment related to the net gain associated with the Kirin-Amgen share acquisition.
- (e) 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 nine months ended September 30, 2018, were 22.4% and 23.9%, compared with 34.3% and 32.0% for the corresponding periods of the prior year.
- (f) 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 September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
Net cash provided by operating activities.....	\$ 3,273	\$ 3,454	\$ 8,102	\$ 8,165
Net cash provided by (used in) investing activities	1,132	(1,976)	18,976	(3,946)
Net cash used in financing activities.....	(2,580)	(1,107)	(18,922)	(4,460)
Increase (decrease) in cash and cash equivalents.....	1,825	371	8,156	(241)
Cash and cash equivalents at beginning of period.....	10,131	2,629	3,800	3,241
Cash and cash equivalents at end of period.....	<u>\$ 11,956</u>	<u>\$ 3,000</u>	<u>\$ 11,956</u>	<u>\$ 3,000</u>

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
Net cash provided by operating activities.....	\$ 3,273	\$ 3,454	\$ 8,102	\$ 8,165
Capital expenditures.....	(171)	(158)	(513)	(511)
Free cash flow.....	<u>\$ 3,102</u>	<u>\$ 3,296</u>	<u>\$ 7,589</u>	<u>\$ 7,654</u>

Provided October 30, 2018, 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.

**Reconciliation of GAAP EPS Guidance to Non-GAAP
EPS Guidance for the Year Ending December 31, 2018
(Unaudited)**

GAAP diluted EPS guidance	\$	12.23	-	\$	12.55
Known adjustments to arrive at non-GAAP*:					
Acquisition-related expenses (a).....			1.69		
Restructuring charges.....		0.00	-		0.07
Certain other expenses.....			0.03		
Tax adjustments (b).....			(0.02)		
Non-GAAP diluted EPS guidance	<u>\$</u>	<u>14.00</u>	<u>-</u>	<u>\$</u>	<u>14.25</u>

* The known adjustments are presented net of their related tax impact, which amount to approximately \$0.55 per share, in the aggregate.

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

(b) The adjustments relate primarily to certain acquisition items and prior period items excluded from GAAP earnings.

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 of our contingent consideration.

**Reconciliation of GAAP Tax Rate Guidance to Non-GAAP
Tax Rate Guidance for the Year Ending December 31, 2018
(Unaudited)**

GAAP tax rate guidance	12.5%	-	13.5%
Tax rate effect of known adjustments discussed above.....		1.0%	
Non-GAAP tax rate guidance	<u>13.5%</u>	<u>-</u>	<u>14.5%</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.



Q3 '18 EARNINGS CALL

OCTOBER 30, 2018

AMGEN[®]