



DIVISION OF
CORPORATION FINANCE

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

March 16, 2018

Maj Vaseghi
Latham & Watkins LLP
maj.vaseghi@lw.com

Re: Amgen Inc.
Incoming letter dated January 19, 2018

Dear Ms. Vaseghi:

This letter is in response to your correspondence dated January 19, 2018 concerning the shareholder proposal (the "Proposal") submitted to Amgen Inc. (the "Company") by Mercy Investment Services, Inc. et al. (the "Proponents") for inclusion in the Company's proxy materials for its upcoming annual meeting of security holders. We also have received correspondence from the Proponents dated February 12, 2018. Copies of all of the correspondence on which this response is based will be made available on our website at <http://www.sec.gov/divisions/corpfin/cf-noaction/14a-8.shtml>. For your reference, a brief discussion of the Division's informal procedures regarding shareholder proposals is also available at the same website address.

Sincerely,

Matt S. McNair
Senior Special Counsel

Enclosure

cc: Susan S. Makos
Mercy Investment Services, Inc.
smakos@mercyinvestments.org

March 16, 2018

Response of the Office of Chief Counsel
Division of Corporation Finance

Re: Amgen Inc.
Incoming letter dated January 19, 2018

The Proposal urges the compensation committee to report annually on the extent to which risks related to public concern over drug pricing strategies are integrated into the Company's incentive compensation policies, plans and programs for senior executives.

We are unable to concur in your view that the Company may exclude the Proposal under rule 14a-8(i)(3). We are unable to conclude that the Proposal, taken as a whole, is so vague or indefinite that it is rendered materially misleading. Accordingly, we do not believe that the Company may omit the Proposal from its proxy materials in reliance on rule 14a-8(i)(3).

We are unable to conclude that the Company has met its burden of demonstrating that it may exclude the Proposal under rule 14a-8(i)(7) as a matter relating to the Company's ordinary business operations. Accordingly, we do not believe that the Company may omit the Proposal from its proxy materials in reliance on rule 14a-8(i)(7).

We are unable to concur in your view that the Company may exclude the Proposal under rule 14a-8(i)(10). Based on the information you have presented, it does not appear that the Company's public disclosures compare favorably with the guidelines of the Proposal. Accordingly, we do not believe that the Company may omit the Proposal from its proxy materials in reliance on rule 14a-8(i)(10).

Sincerely,

M. Hughes Bates
Special Counsel

DIVISION OF CORPORATION FINANCE
INFORMAL PROCEDURES REGARDING SHAREHOLDER PROPOSALS

The Division of Corporation Finance believes that its responsibility with respect to matters arising under Rule 14a-8 [17 CFR 240.14a-8], as with other matters under the proxy rules, is to aid those who must comply with the rule by offering informal advice and suggestions and to determine, initially, whether or not it may be appropriate in a particular matter to recommend enforcement action to the Commission. In connection with a shareholder proposal under Rule 14a-8, the Division's staff considers the information furnished to it by the company in support of its intention to exclude the proposal from the company's proxy materials, as well as any information furnished by the proponent or the proponent's representative.

Although Rule 14a-8(k) does not require any communications from shareholders to the Commission's staff, the staff will always consider information concerning alleged violations of the statutes and rules administered by the Commission, including arguments as to whether or not activities proposed to be taken would violate the statute or rule involved. The receipt by the staff of such information, however, should not be construed as changing the staff's informal procedures and proxy review into a formal or adversarial procedure.

It is important to note that the staff's no-action responses to Rule 14a-8(j) submissions reflect only informal views. The determinations reached in these no-action letters do not and cannot adjudicate the merits of a company's position with respect to the proposal. Only a court such as a U.S. District Court can decide whether a company is obligated to include shareholder proposals in its proxy materials. Accordingly, a discretionary determination not to recommend or take Commission enforcement action does not preclude a proponent, or any shareholder of a company, from pursuing any rights he or she may have against the company in court, should the company's management omit the proposal from the company's proxy materials.



February 12, 2018

Via e-mail at shareholderproposals@sec.gov

Securities and Exchange Commission
Office of the Chief Counsel
Division of Corporation Finance
100 F Street, NE
Washington, DC 20549

Re: Request by Amgen Inc. to omit proposal submitted by Mercy Investment Services and co-filers

Ladies and Gentlemen,

Pursuant to Rule 14a-8 under the Securities Exchange Act of 1934, Mercy Investment Services, Inc. and several co-filers (the "Proponents") submitted a shareholder proposal (the "Proposal") to Amgen Inc. ("Amgen" or the "Company"). The Proposal asks Amgen's board to report to shareholders on the extent to which risks related to public concerns over drug pricing strategies are reflected in senior executive incentive compensation arrangements.

In a letter to the Division dated January 19, 2018 (the "No-Action Request"), Amgen stated that it intends to omit the Proposal from its proxy materials to be distributed to shareholders in connection with the Company's 2018 annual meeting of shareholders. Amgen argues that it is entitled to exclude the Proposal in reliance on Rule 14a-8(i)(3), arguing that the Proposal is excessively vague and indefinite; Rule 14a-8(i)(7), on the ground that the Proposal deals with Amgen's ordinary business operations; and Rule 14-8(i)(10), because Amgen has substantially implemented the Proposal. As discussed more fully below, Amgen has not met its burden of proving its entitlement to exclude the Proposal in reliance on any of those exclusions and the Proponents respectfully urge that Amgen's request for relief should be denied.

The Proposal

The Proposal states:

RESOLVED, that shareholders of Amgen Inc. ("Amgen") urge the Compensation Committee (the "Committee") to report annually to shareholders on the extent to which risks related to public concern over drug pricing strategies are integrated into Amgen's incentive compensation policies,

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www.mercyinvestmentservices.org

plans and programs (together, “arrangements”) for senior executives. The report should include, but need not be limited to, discussion of whether incentive compensation arrangements reward, or not penalize, senior executives for (i) adopting pricing strategies, or making and honoring commitments about pricing, that incorporate public concern regarding the level or rate of increase in prescription drug prices; and (ii) considering risks related to drug pricing when allocating capital.

Vagueness

Amgen argues that the Proposal is excessively vague and indefinite because it does not define “risks related to public concern over drug pricing strategies” or “allocating capital.” Neither of those terms is so vague that exclusion of the Proposal pursuant to Rule 14a-8(i)(3) is appropriate.

As an initial matter, the Proponents are hard-pressed to understand how Amgen can argue both that key terms in the Proposal are too vague for Amgen to understand what implementation of the Proposal would entail and that it has already substantially implemented the Proposal. Presumably, Amgen needs to know what the Proposal has requested in order to argue that the Company’s own disclosure compares favorably to it.

The Staff has rejected vagueness arguments like the ones made by Amgen even when the putatively vague terms were important to the proposal. In Comcast Corp.,¹ the proposal asked the company to adopt a policy, and amend its governance documents as necessary, requiring that the chair of the board be an independent director. Comcast claimed that the absence of a definition for “independent,” a “critical concept,” rendered the proposal excessively vague. The Staff did not grant the requested relief. Although the Staff did not set forth its reasoning, it may have relied on the fact that independence is a concept whose general parameters are easily understood without further definition.

In Apple Inc.,² the proposal asked that Apple “engage multiple outside independent experts or resources from the general public to reform its executive compensation principles and practices.” Apple complained that “independent outside expert,” “resources” and “general public” were not defined and that they were subject to differing interpretations, making the proposal excessively vague. Apple urged that it was not possible to tell from the proposal what qualities a person would need to be considered independent. The Staff declined to concur.

Here, “risks related to public concern over drug pricing strategies” is not an obscure or technical concept. The supporting statement sheds additional light on the phrase’s meaning, as well. The supporting statement explains that the Proponents view legislative backlash as a possible risk created by public concern over high drug prices. As well, the supporting statement indicates that a company whose financial results depend on price increases may not have a sustainable business model over the long term.

Likewise, the meaning of the term “capital allocation” is straightforward and refers to the various uses to which firms put their capital resources, such as investing in projects, buying other companies or returning cash to shareholders. pharmaceutical firms divide their capital. Articles addressing capital allocation in the industry, even those in general-interest magazines, often do not define the term. For example, James Surowiecki’s writing about Valeant in The New Yorker refers to “capital allocation” several

¹ Comcast Corporation (Feb. 8, 2016)

² Apple Inc. (Oct. 26, 2016)

times, assuming readers understand that, in the case of Valeant, the term referred to Valeant's selection of acquisition targets and post-acquisition drug price hikes.³ Amgen itself has released information to investors about capital allocation without defining the term.⁴

Ordinary Business

Rule 14a-8(i)(7) permits a company to omit a proposal that "deals with a matter relating to the company's ordinary business operations. Amgen makes several claims regarding the applicability of the ordinary business exclusion to the Proposal, none of which has merit.

First, Amgen argues that the "underlying subject matter" of the Proposal is not senior executive incentive compensation arrangements but either "drug pricing and capital allocation decisions" or "public relations." Based on discussion of drug prices in the supporting statement, Amgen claims that "the thrust and focus of this Proposal is an attempt to require the Company to justify its business decisions regarding specific pricing decisions for each of its products on a product-by-product basis."⁵ Amgen also points to the Proposal's reference to "public concern" over high drug prices as evidence that the Proposal is really about public relations.

Amgen's characterizations are inconsistent with the plain language of the Proposal. The Proposal's resolved clause makes clear that the requested disclosure is not intended to address drug pricing generally, the prices of particular medicines, access to medicines or any other similar issue. Rather, the resolved clause deals solely with senior executive compensation arrangements and their relationship to pricing. Amgen's assertion that the Proposal would force the Company to justify prices on a "product-by-product basis" is belied by the Proposal's language.

The supporting statement also focuses on senior executive incentive pay. It addresses several aspects of such pay: compensation philosophy, the role of incentives, the metrics currently used in Amgen's incentive compensation arrangements and the risks created when high executive pay accompanies sizeable drug price increases. To make the case for why pricing-related risks are important enough to be considered when setting senior executive compensation arrangements, the supporting statement also discusses those risks. But that material does not somehow cancel out or negate the unambiguous language and clear focus of the Proposal on senior executive incentive compensation arrangements.

Nor is Amgen's argument that the Proposal's topic is public relations compelling. A reference to public concern or public pressure, or discussion of reputational risk, does not trump the rest of a proposal when analyzing the proposal's subject. Any controversial issue that has generated sustained public debate will necessarily implicate the relationship between the company and the public. The Staff has rejected a

³ James Surowiecki, "The Roll-up Racket," The New Yorker, Apr. 4, 2016 (<https://www.newyorker.com/magazine/2016/04/04/inside-the-valeant-scandal>); James Surowiecki, "Why Moneyball Failed in the Pharmaceutical Industry," The New Yorker, Apr. 7, 2016 (<https://www.newyorker.com/business/currency/valeant-why-moneyball-failed-in-the-pharmaceutical-industry>); see also Barry Libert & Megan Beck, "Most Leaders Fail at Capital Allocation," Forbes, Oct. 8, 2017 (<https://www.forbes.com/sites/barrylibert/2017/10/08/most-leaders-fail-at-capital-allocation/#3437d2a2634c>); <https://www.jnj.com/letter-from-our-chairman-and-ceo>;

⁴ <http://investors.amgen.com/phoenix.zhtml?c=61656&p=irol-newsArticle&ID=1982411>

⁵ No-Action Request, at 5

similar argument made about a group of proposals asking for disclosure on drug pricing risks, which mentioned public pressure.⁶

The Proposal is similar to a 2014 proposal at Gilead Sciences, Inc.⁷ asking that metrics related to patient access be incorporated into CEO incentive compensation arrangements. In its request for relief, Gilead argued that although the proposal was “camouflage[d]” as addressing senior executive compensation, its “main focus” was to “reduce the prices the Company charges for its products.” The Staff disagreed and did not grant relief. Amgen’s effort to shift the subject from senior executive compensation to drug pricing mirrors Gilead’s unsuccessful argument.⁸

Outside the drug company context, the Staff has also declined to allow exclusion on ordinary business grounds of proposals addressing the link between senior executive pay and some other factor. For example, in BB&T Corporation,⁹ the proposal asked the company to consider the pay of all company employees when setting senior executive compensation and report to shareholders in the proxy statement about how it did so. BB&T argued unsuccessfully that the proposal’s focus was general employee compensation and that the proposal could therefore be omitted on ordinary business grounds.

Even assuming the Proposal’s subject were the pricing of pharmaceuticals, rather than senior executive compensation, drug prices are a matter of such consistent and sustained societal debate, with a sufficiently strong connection to Amgen, to qualify as a significant social policy issue transcending ordinary business.

Amgen makes much of a group of determinations from last season, including one issued to Amgen.¹⁰ Those determinations allowed exclusion on ordinary business grounds of proposals asking the companies to disclose (a) the yearly price increases over a six-year period of the companies’ ten best-selling branded drugs, (b) the rationale for and criteria used for the price increases, and (c) an assessment of the legislative, regulatory, reputational and financial risks to the companies as a result of the increases.

That those determinations allowed exclusion of one kind of proposal on drug pricing does not mean that the issue of high drug prices always relates to a company’s ordinary business operations. The Staff has denied requests to exclude two other types of proposals dealing with pharmaceutical pricing, one seeking a price restraint policy and the other requesting disclosure of drug pricing risks.

⁶ Gilead Sciences, Inc. (Feb. 23, 2015); Celgene Corporation (Mar. 19, 2015); Vertex Pharmaceuticals Inc. (Feb. 25, 2015)

⁷ Gilead Sciences, Inc. (Feb. 21, 2014)

⁸ That the Gilead proposal requested a policy change while the Proposal seeks disclosure does not affect the analysis. In its 1983 release accompanying changes to Rule 14a-8, the Commission repudiated the approach it had used to analyze disclosure proposals, deeming them not excludable on ordinary business grounds regardless of the disclosure subject. The Commission announced that disclosure proposals would be analyzed in the same way as proposals seeking a change in policy or behavior, by reference to the underlying subject matter rather than the form. (See Exchange Act Release No. 20091 (Aug. 16, 1983); Staff Legal Bulletin 14H (Oct. 22, 2015))

⁹ BB&T Corporation (Jan. 17, 2017)

¹⁰ See determinations cited on page 4 of the No-Action Request.

The Staff denied exclusion on ordinary business grounds of proposals to Eli Lilly and Company,¹¹ Bristol-Myers Squibb Company¹² and Warner Lambert Company¹³ (together, the “price restraint proposals”) asking the companies to adopt a policy of pharmaceutical price restraint. More recently, the Staff declined to allow omission of proposals seeking greater drug pricing transparency. In the 2015 proxy season, proposals asked Gilead, Vertex and Celgene (together, the “drug pricing risk disclosure proposals”) to report on the risks created by rising pressure to contain U.S. specialty drug prices. All three companies invoked the ordinary business exclusion, arguing that the proposals concerned the prices charged for their products, which was not a significant social policy issue, and would micromanage the companies by asking for information on a complex matter that shareholders would not be in a position to understand.¹⁴ The proponent successfully argued that high specialty drug prices are a significant social policy issue and that the broad focus on risks and trends obviated concerns over micromanagement.

Amgen tries to distinguish the Proposal from the price restraint and drug pricing risk disclosure proposals on the ground that both of those successful formulations were focused on “access to medicine.”¹⁵ That argument is unavailing, as patient access is a major reason for concern about high drug prices, and lack of access generates a great deal of the risk created by the issue. Accordingly, it is not surprising that the “price restraint” proposals mention some of the same factors cited in the Proposal, such as the risk of legislative or regulatory backlash. As well, the Proposal’s supporting statement asserts: “Public outrage over high prices and their impact on patient access may force price rollbacks and harm corporate reputation.” Like the price restraint and drug pricing risk disclosure proposals, and in contrast to the 2017 drug pricing proposals, the Proposal does not seek detailed product-related data.

In addition to the general societal debate regarding high drug prices detailed in the responses to the Gilead and Vertex requests cited above, Amgen has been criticized for raising prices, providing the required nexus between the Company and the significant social policy issue underlying the Proposal.¹⁶

- Amgen’s CEO attended a January 2017 meeting of biotechnology and pharmaceutical CEOs at which President Trump called U.S. drug prices “astronomical.”¹⁷
- Last year, Amgen twice increased the list price of leukemia drug Blincyto for a total 8% hike.¹⁸
- The high price of Amgen’s cholesterol-lowering drug Repatha has meant that “patients are caught in the middle” between their physicians who want them to use the drug and insurers that refuse to pay.”¹⁹

¹¹ Eli Lilly and Company (Feb. 25, 1993)

¹² Bristol-Myers Squibb Company (Feb. 21, 2000)

¹³ Warner Lambert Company (Feb. 21, 2000)

¹⁴ Gilead Sciences, Inc. (Feb. 23, 2015); Celgene Corporation (Mar. 19, 2015); Vertex Pharmaceuticals Inc. (Feb. 25, 2015)

¹⁵ See No-Action Request, at 5-6.

¹⁶

¹⁷ Elizabeth Landers, “Trump Pledges to Work With Big Pharma to Lower Drug Prices, CNN, Jan. 31, 2017 (<https://www.cnn.com/2017/01/31/politics/donald-trump-pharma-meeting/index.html>)

¹⁸ Eric Sagonowsky, “Amgen, Teva Hikes Show Pharma Can’t Blame Rebates for All Price Increases: Analyst,” FiercePharma, July 6, 2017 (<https://www.fiercepharma.com/pharma/price-hikes-from-amgen-teva-support-pbm-argument-pricing-debate-analyst-says>)

¹⁹ Tim Mullaney, “Insurers, Doctors Battle Over Heart Disease Drugs,” CNBC, Sept. 6, 2017 (<https://www.cnbc.com/2017/09/06/americas-no-1-killer-heart-disease-at-center-of-drug-prices-battle.html>)

- Questions have been raised about the sustainability of sales increases for Amgen’s anti-inflammatory drug Enbrel that are generated by price increases, compensating for volume decreases.²⁰ A Washington Post article in November 2016 documented “lockstep” price increases for Enbrel and competing drug Humira.²¹

Amgen claims that the Proposal is excludable, even if it “arguably raises” a significant social policy issue (which it does, as discussed below), where the Staff finds that “the relevant policy issue was not sufficiently significant to override the ordinary business subject matter of the proposal.”²² That is just another way of saying that the Proposal is excludable if its subject is not deemed to be a significant social policy issue, which the Proponents do not dispute.

In the determinations cited by Amgen on pages 6 and 7 of the No-Action Request, the subject of the proposal had some connection to a significant social policy issue, such as animal cruelty or plant closings. However, either a sufficiently strong nexus did not exist because the company was a retailer whose role was passive²³ or the subject of the proposal was muddled by grafting on elements that would interfere with day-to-day management and took the proposal away from the significant social policy issue.²⁴

The Commission’s 1998 release²⁵ clearly explains that if the subject of a proposal is a significant social policy issue, the fact that the subject implicates ordinary business matters like pricing and public relations is irrelevant: “[P]roposals **relating to [ordinary business] matters but focusing on sufficiently significant social policy issues** (e.g., significant discrimination matters) generally would not be considered to be excludable, because the proposals would transcend the day-to-day business matters and raise policy issues so significant that it would be appropriate for a shareholder vote.” (emphasis added)

The Proponents disagree that drug pricing is the subject of the Proposal, which squarely addresses senior executive incentive compensation. If the Staff believes drug pricing is the subject, however, the Proposal still should not be excluded on ordinary business grounds. The sustained intensity of the public

²⁰ Emma Court, “Amgen is the Latest to Raise Drug Prices Despite Public Outcry,” MarketWatch, July 28, 2016 (<https://www.marketwatch.com/story/amgen-is-the-latest-to-raise-drug-prices-despite-public-outcry-2016-07-28>) (“We question the sustainability of the liberal price increases that span across the commercial portfolio in the face of growing industry criticism,” analyst Cory Kasimov said.)

²¹ Carolyn Y. Johnson, “The Bizarre Reason Two Competing Drug Prices Rose in Tandem,” The Washington Post, Nov. 7, 2016; (https://www.washingtonpost.com/news/wonk/wp/2016/11/07/the-bizarre-reason-two-competing-drug-prices-rose-in-tandem/?utm_term=.7ba939a2f913); see also Adam Feuerstein, “Amgen Earnings Reveals Ugly Truth About Drug Pricing and Sales ‘Growth,’” TheStreet, Apr. 22, 2015 (<https://www.thestreet.com/story/13121810/1/amgen-earnings-reveals-ugly-truth-about-drug-pricing-and-sales-growth.html>)

²² No-Action Request, at 6

²³ Amazon Inc. (Mar. 27, 2015); PetSmart Inc. (Mar. 24, 2011)

²⁴ CIGNA Corp. (Feb. 23, 2011) (proposal added an element asking for disclosure of expense management to a proposal on health care reform); Capital One Financial Corp. (Feb. 3, 2005) (proposal addressed plant closings, which in some proposal formulations had been considered a significant social policy issue, but requested that the company provide detailed information about outsourcing and plant closings).

²⁵ Exchange Act Release No. 40018 (May 21, 1998).

debate over high prescription drug prices, combined with Amgen's controversial price, make high drug prices a significant social policy issue for Amgen, transcending ordinary business.

Amgen describes its processes for managing product pricing and public relations, including board oversight, and notes that it has not previously received feedback that drug pricing should be integrated into senior executive incentive pay arrangements. Those arguments do not bear on whether the subject of the Proposal deals with Amgen's ordinary business operations, however, and are more appropriately included in Amgen's statement in opposition to the Proposal.

In summary, the Proposal's "underlying subject matter" is senior executive incentive compensation, a topic that has consistently been deemed a significant social policy issue transcending ordinary business. Even if high drug prices were considered the Proposal's subject, though, the broad focus on policy, as opposed to details about specific medicines, takes it out of the realm of ordinary business as well. Amgen has thus failed to meet its burden of establishing that it is entitled to exclude the Proposal in reliance on Rule 14a-8(i)(7).

Substantial Implementation

Amgen argues that it has substantially implemented the Proposal, supporting omission under Rule 14a-8(i)(10) because its current disclosure satisfies the "essential objectives" of the Proposal and "compares favorably" to the disclosure the Proposal requests.

Amgen's argument is based in part on a faulty notion of the Proposal's essential objective--disclosure of "policies and procedures that govern [Amgen's] drug pricing."²⁶ Amgen's disclosure regarding "access to medicine" described in the No-Action Request, and its 10-K and 10-Q disclosure about potential limits to the Company's ability to raise prices, might be responsive to a proposal seeking drug pricing risk disclosure. But disclosure of that kind does not satisfy the essential objective of the Proposal, which focuses on the connection between drug pricing pressures and senior executive compensation.

Amgen contends that the general proxy statement disclosure about compensation metrics and compensation risk, including the Company's clawback provision, substantially implements the Proposal. None of that disclosure makes reference to drug pricing, though. Amgen seems to be asking shareholders to infer that pricing is not integrated into senior executive incentive compensation and that a clawback authorizing recoupment for misconduct would cover reputational harm resulting from public outrage over drug pricing. That does not constitute substantial implementation of a proposal that requests affirmative reporting on whether and how pricing-related risks are reflected in senior executive compensation arrangements.

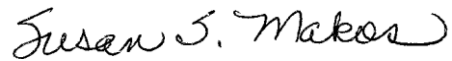
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For the reasons set forth above, Amgen has not satisfied its burden of showing that it is entitled to omit the Proposal in reliance on Rule 14a-8(i)(3), 14a-8(i)(7) or 14a-8(i)(10). The Proponents thus respectfully request that Amgen's request for relief be denied.

²⁶ No-Action Request, at 10.

The Proponents appreciate the opportunity to be of assistance in this matter. If you have any questions or need additional information, please contact me at (513) 673-9992 or Donna Meyer, Mercy Investment Services, Director of Shareholder Advocacy, at (713) 299-5018, dmeyer@mercyinvestments.org, or our attorney Beth Young at (718) 369-6169.

Sincerely,

A handwritten signature in cursive script that reads "Susan S. Makos".

Susan S. Makos, JD
Vice President of Social Responsibility
Mercy Investment Services, Inc.
smakos@mercyinvestments.org

cc: Maj Vaseghi
Latham & Watkins LLP
Maj.vaseghi@lw.com

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VIA ELECTRONIC MAIL

January 19, 2018

Office of Chief Counsel
Division of Corporation Finance
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549
E-mail: shareholderproposals@sec.gov

Re: Amgen Inc. Stockholder Proposal from Mercy Investment Services

Ladies and Gentlemen:

We are filing this letter on behalf of our client, Amgen Inc., a Delaware corporation (the "Company"), pursuant to Rule 14a-8(j) under the Securities and Exchange Act of 1934, as amended (the "Exchange Act"), to notify the Staff of the Division of Corporation Finance (the "Staff") of the U.S. Securities and Exchange Commission (the "Commission") of the Company's intention to exclude from the Company's proxy statement and form of proxy for the Company's 2018 Annual Meeting of Stockholders (the "2018 Proxy Materials") a stockholder proposal and supporting statement (the "Proposal") received from Mercy Investment Services, Inc. and co-filers¹ (each a "Proponent" and, collectively, the "Proponents"), which relates to the commissioning of an annual report to stockholders on the extent to which risks related to public concern over drug pricing strategies are integrated into the Company's incentive compensation for senior executives. The Company respectfully requests confirmation that the Staff will not recommend enforcement action to the Commission if the Company excludes the Proposal on the following grounds:

- (i) pursuant to Rule 14a-8(i)(7), as the Proposal relates to the Company's ordinary business operations;

¹ The following entities have co-filed the Proposal: Benedictine Sisters of Monasterio Pan de Vida, Benedictine Sisters of Mount St. Scholastica, Dana Investment Advisors, Friends Fiduciary, Sisters of the Order of St. Dominic of Grand Rapids, Sisters of St. Francis Charitable Trust, The Sisters of St. Francis of Philadelphia, Trinity Health, and the UAW Retiree Medical Benefits Trust.

- (ii) pursuant to Rule 14a-8(i)(10), as the Proposal has been substantially implemented;
or
- (iii) pursuant to Rule 14a-8(i)(3), as the Proposal is inherently vague and indefinite.

Pursuant to Staff Legal Bulletin 14D (Nov. 7, 2008) (“SLB 14D”), we are transmitting this letter by electronic mail to the Staff at shareholderproposals@sec.gov. We are also sending copies of this letter concurrently to each of the Proponents. If the Proponents elect to submit any correspondence to the Commission or the Staff with respect to the Proposal, pursuant to Rule 14a-8(k) and SLB 14D, we request that a copy of that correspondence should be furnished concurrently to the Company and the undersigned. Pursuant to Rule 14a-8(j), this letter is being submitted not less than 80 days before the Company intends to file its definitive 2018 Proxy Materials with the Commission.

I. THE PROPOSAL

The Proposal requests that the Company’s stockholders approve the following resolution:

RESOLVED, that shareholders of Amgen Inc. (“Amgen”) urge the Compensation Committee (the “Committee”) to report annually to shareholders on the extent to which risks related to public concern over drug pricing strategies are integrated into Amgen’s incentive compensation policies, plans and programs (together, “arrangements”) for senior executives. The report should include, but need not be limited to, discussion of whether incentive compensation arrangements reward, or not penalize, senior executives for adopting pricing strategies, or making and honoring commitments about pricing, that incorporate public concern regarding the level or rate of increase in prescription drug prices; and considering risks related to drug pricing when allocating capital.

The Proposal also includes a supporting statement that explains the Proponents’ basis for submitting the Proposal. A copy of the Proposal and supporting statement, as revised to fix a procedural deficiency, were received by the Company from the Proponent on December 6, 2017 and are attached to this letter as Exhibit A.

II. GROUNDS FOR EXCLUSION

We hereby respectfully request that the Staff concur with the Company’s view that the Proposal may be excluded from the 2018 Proxy Materials for the reasons set forth below.

A. The Proposal May be Excluded Pursuant to Rule 14a-8(i)(7) Because the Proposal Deals with Matters Relating to the Company’s Ordinary Business Operations.

Under Rule 14a-8(i)(7), a company may exclude a stockholder proposal from its proxy materials if “the proposal deals with a matter relating to the company’s ordinary business operations.” The Commission has stated that the “general underlying policy of this exclusion is consistent with the policy of most state corporate laws: to confine the resolution of ordinary business problems to management and the board of directors, since it is impracticable for

shareholders to decide how to solve such problems at an annual shareholders meeting.” Exchange Act Release No. 34-40018 (May 21, 1998) (“1998 Release”).

A stockholder proposal is considered “ordinary business” when (i) it relates to matters that “are so fundamental to management’s ability to run a company on a day-to-day basis that they could not, as a practical matter, be subject to direct shareholder oversight”; or (ii) it “seeks to ‘micro-manage’ the company by probing too deeply into matters of a complex nature upon which shareholders, as a group, would not be in a position to make an informed judgment.” 1998 Release. The Staff has also given guidance as to when a proposal requesting the preparation of a report is excludable under 14a-8(i)(7), stating that it may be excludable “if the subject matter of the special report . . . involves a matter of ordinary business.” Exchange Act Release No. 34-20091 (Aug. 16, 1983) (“1983 Release”); *Duke Energy Corp.* (Feb. 24, 2012); *PepsiCo* (Mar. 3, 2011); *FedEx Corp.* (July 14, 2009); *The Coca-Cola Co.* (Jan. 21, 2009). To constitute ordinary business, the proposal must not raise a significant social policy issue that would override its ordinary business subject matter. Staff Legal Bulletin No. 14A (July 12, 2002); Staff Legal Bulletin No. 14E (Oct. 27, 2007) (“SLB 14E”).

1. The Proposal should be excluded because its underlying subject matter, the Company’s drug pricing and capital allocation decisions, are integral to the Company’s day-to-day ordinary course operations.

The Staff has determined that the exclusion for ordinary business can be appropriate for a stockholder proposal that seeks to require a board of directors to conduct a risk analysis and stated that as the basis for the Staff’s analysis “rather than focusing on whether a proposal and supporting statement relate to the company engaging in an evaluation of risk, we will instead focus on the subject matter to which the risk pertains or that gives rise to the risk. . . [W]e will consider whether the underlying subject matter of the risk evaluation involves a matter of ordinary business to the company.” (1983 Release and SLB 14E). *See also Sempra Energy* (Jan. 12, 2012) (permitting exclusion under Rule 14a-8(i)(7) of a proposal seeking a board review of Sempra’s management of political, legal, and financial risks and annual report to stockholders on such review, noting that the “underlying subject matter of these risks appears to involve ordinary business matters”). This Proposal, by prescribing a report that includes discussion of whether or not compensation arrangements reward (or do not penalize) specific pricing decisions, has an underlying subject matter that is inescapably about the Company’s pricing decisions for its drugs and, as such, involves ordinary business matters. Moreover, the allocation of capital is a broad concept involving varied and detailed financial and human resources, expenditures and planning decisions that are integral to the Company’s day-to-day ordinary course operations.

The Staff has consistently permitted exclusion of stockholder proposals under Rule 14a-8(i)(7) when those proposals relate to how a company makes specific pricing decisions regarding certain of its products and where proponents sought to direct specific pricing policies. *See, e.g., Equity LifeStyle Properties, Inc.* (Feb. 6, 2013) (permitting exclusion under Rule 14a-8(i)(7) of a proposal requesting a report on, among other things, “the reputational risks associated with the setting of unfair, inequitable and excessive rent increases that cause undue hardship to older homeowners on fixed incomes” and “potential negative feedback stated directly to potential customers from current residents,” noting that the “setting of prices for products and services is

fundamental to management’s ability to run a company on a day-to-day basis”); *Host Hotels & Resorts, Inc.* (Feb. 6, 2014) (permitting exclusion under Rule 14a-8(i)(7) of a proposal requesting that the board of directors consider providing senior citizens and stockholders discounts on hotel rates, noting that discount pricing policy determinations is an ordinary business matter); *The Western Union Co.* (Mar. 7, 2007) (permitting exclusion under Rule 14a-8(i)(7) of a proposal requesting that the board review the effect of the company’s remittance practices on the communities served, compare the company’s fees, exchange rates, and pricing structures with other companies in its industry, evaluate the company’s community reinvestment and corporate giving practices relative to its competitors, and report to stockholders, noting that the proposal related to the company’s “ordinary business operations (i.e., the prices charged by the company)”); *Ford Motor Co.* (Jan. 31, 2011) (permitting exclusion under Rule 14a-8(i)(7) of a proposal seeking to allow stockholders who purchased a new vehicle and “had no spare tire and hardware for mounting [the spare tire]...be able to purchase same from Ford Motor at the manufacturing cost of same,” noting that “the setting of prices for products and services is fundamental to management’s ability to run a company on a day-to-day basis”); *MGM Mirage* (Mar. 6, 2009) (permitting exclusion under Rule 14a-8(i)(7) of a proposal urging the board to implement a discount dining program for local residents, noting that the proposal related to the company’s “ordinary business operations (i.e., discount pricing policies)”). This Proposal seeks to ensure that one particular pricing approach is evaluated and potentially given too much weight by management – that of “commitments about pricing that incorporates public concern regarding the level or rate of increase in prescription drug prices...”

The Company’s ability to set prices, its rationale and criteria for making or not making commitments about pricing and its decisions on the timing and amount of capital allocation are ordinary business matters that should not be subject to stockholder oversight. The Staff agreed with the Company on this topic with respect to pricing in 2017 and permitted the Company’s exclusion of a similar proposal from the same Proponent. *See Amgen Inc.* (Feb. 10, 2017) (permitting exclusion under Rule 14a-8(i)(7) of a proposal requesting that the board issue a report listing the rates of price increases year-to-year of the company’s top ten selling branded prescription drugs between 2010 and 2016, including the rationale and criteria used for these price increases, and an assessment of the legislative, regulatory, reputational and financial risks they represent for the company as relating to the Company’s ordinary business operations); *see also AbbVie, Inc.* (Feb. 24, 2017) (same); *Biogen Inc.* (Feb. 23, 2017) (same); *Eli Lilly and Co.* (Feb. 10, 2017) (same); *Merck & Co., Inc.* (Feb. 10, 2017) (same); *Pfizer Inc.* (Feb. 10, 2017) (same); *Bristol-Myers Squibb Co.* (Feb. 10, 2017) (same); *Gilead Sciences, Inc.* (Feb. 10, 2017) (same); *Johnson & Johnson* (Feb. 10, 2017) (same) (these letters together with the *Amgen Inc.* (Feb. 10, 2017) letter, the “2017 Pricing Letters”). This year’s Proposal has been re-formulated to request that the Company provide an annual report that “should include. . . discussion of whether incentive compensation arrangements reward, or not penalize, . . . making and honoring commitments about pricing . . . regarding the level or rate of increase in prescription drug prices.” The Proposal’s supporting statement negatively characterizes 2016 pricing decisions around the Company’s product Enbrel® (citing a story² observing competitive dynamics between Enbrel® and a competitor’s product, but not directly criticizing Amgen or management’s pricing decisions) and

² See Carolyn Y. Johnson, *The bizarre reason two competing drug prices rose in tandem*, THE WASHINGTON POST, November 7, 2016.

applauds the Company's pricing approach for another of its products, Repatha®. The Proposal's supporting statement demonstrates that the focus and thrust of this Proposal is an attempt to require the Company to justify its business decisions regarding specific pricing decisions for each of its products on a product-by-product basis in the requested stockholder report. The Proposal probes deeply into the ordinary business decisions of the Company that involve complex, detailed information and strategic timing and with respect to which stockholders, as a group, are not in a position to make a timely and informed judgment. Making the best pricing decisions for each of the Company's products in each of its geographies and allocating capital incorporate a number of risk and benefit decisions that are fundamental to management's ability to run the Company on a day-to-day basis, and of the type that, as a practical matter, should not be subject to direct stockholder oversight. Such decisions are made carefully and purposefully by the Company's management and its Board of Directors ("Board"), and require a deep knowledge of the Company's business and operations – information to which the Company's stockholders do not have access.

2. The Proposal should be excluded because public relations is an ordinary business subject matter.

The Staff has also permitted exclusion of proposals under Rule 14a-8(i)(7) requesting reports on how companies intend to respond to particular regulatory, legislative and public pressures relating to pricing policies or price increases. *See UnitedHealth Group Inc.* (Mar. 16, 2011) (permitting exclusion under Rule 14a-8(i)(7) of a proposal requesting a board report on how the company is responding to regulatory, legislative, and public pressures to ensure affordable health care coverage and the measures the company is taking to contain price increases of health insurance premiums as relating to the company's ordinary business operations (i.e., "the manner in which the company manages its expenses")); *Johnson & Johnson* (Jan. 12, 2004) (permitting exclusion under Rule 14a-8(i)(7) of a proposal requesting that the board review pricing and marketing policies and prepare a report on how the company will respond to regulatory, legislative and public pressure to increase access to prescription drugs as relating to the company's "ordinary business operations (i.e., marketing and public relations)"). Here, the Proposal seeks a report that discusses whether management's day-to-day pricing decisions incorporate public concern regarding drug pricing. This Proposal's focus on public concern of pricing commitments and pricing decisions for the Company's drugs provides further grounds for exclusion as management of public pressure and product marketing is, as shown in the foregoing letters, an ordinary business matter that is most appropriately handled by the Board and management. These matters are complicated and require a thorough understanding of the Company's potential plans and proposals as well as its strategic direction.

3. The Proposal does not focus on access to medicine.

Prior Staff no-action letters declining to permit exclusion of stockholder proposals regarding access to pharmaceutical products do not alter the conclusion that exclusion of the Proposal is warranted. Indeed, the Proposal is distinguishable from the proposals that are the subject of such no-action letters in a meaningful and dispositive way. The Company acknowledges that the Staff has refused to permit exclusion of proposals principally focused on access to medicine. *See Celgene Corp.* (Mar. 19, 2015) (declining to permit exclusion under Rule 14a-8(i)(7) of a proposal requesting a report on the risks to the company from rising pressure to contain

U.S. specialty drug prices, including risks created by the relationship between specialty drug prices and patient access); *Gilead Sciences, Inc.* (Feb. 23, 2015) (same); *Bristol-Myers Squibb Co.* (Feb. 21, 2000) (declining to permit exclusion under Rule 14a-8(i)(7) of a proposal requesting that the board create and implement a policy of price restraint on pharmaceutical products for individual customers and institutional purchasers to keep drug prices at reasonable levels and report to stockholders any changes in its pricing policies and procedures)); and *Eli Lilly and Co.* (Feb. 25, 1993) (declining to permit exclusion under Rule 14a-8(i)(7) of a proposal requesting that the company “seek input on [its] pricing policy from consumer groups, and adopt a policy of price restraint”). Such proposals focused on access to medicine, which the Staff has historically treated as a significant social policy issue that transcends ordinary business. By contrast, the Proposal’s supporting statement makes only a passing reference to access to medicine, while the majority of the Proposal focuses on the Company’s pricing for its drugs, its response to public pressure and its decisions on the timing and amount of capital allocation. For example, as noted above, the resolved clause asks the Company to report whether incentive compensation arrangements reward executives for “making and honoring commitments about pricing” and “considering risks related to drug pricing when allocating capital.” The Proposal seeks to prescribe that the Company’s Compensation and Management Development Committee (“Compensation Committee”) report out on specific criteria of its deliberations in order for stockholders to delve into the day-to-day operational matters of decisions regarding setting and honoring prices for specific drugs and the Company’s allocation of capital. Accordingly, exclusion of the Proposal pursuant to Rule 14a-8(i)(7) is appropriate.

As discussed above, the Proposal delves deeply into the Company’s day-to-day operations of setting prices for specific drugs and allocating capital across the enterprise. The Proposal is clear that the report contemplated is designed to go to any and all commitments and decisions about pricing that relate to the level or rate of increase in prescription drug prices, akin to the 2017 Pricing Letters. Because the Proposal both seeks to probe too deeply into the ordinary business decisions of the Company that involve matters of a complex and time sensitive nature and subjects to stockholder oversight matters that are fundamental to management’s ability to run the Company on a day-to-day basis, and because the focus of the Proposal is not on access to medicine, the Proposal is excludable under Rule 14a-8(i)(7).

The Company notes that a proposal may not be excluded under Rule 14a-8(i)(7) if it is determined to focus on a significant policy issue. However, the fact that a proposal may touch upon a significant policy issue does not preclude exclusion under Rule 14a-8(i)(7). Instead, the question is whether the proposal focuses primarily on a matter of broad public policy versus matters related to the company’s ordinary business operations. *See* 1998 Release and SLB 14E.

Even if the Staff concludes that the Proposal arguably raises a potential significant policy issue, the Staff has consistently permitted exclusion of stockholder proposals under Rule 14a-8(i)(7) where the relevant policy issue was not sufficiently significant to override the ordinary business subject matter of the proposal. *See, e.g., Amazon.com, Inc.* (Mar. 27, 2015) (permitting exclusion under Rule 14a-8(i)(7) of a proposal requesting that the company “disclose to shareholders any reputational and financial risks that it may face as a result of negative public opinion pertaining to the treatment of animals used to produce products it sells” where the proponent argued that Amazon’s sale of foie gras implicated a significant policy issue (animal

cruelty). In granting no-action relief, the Staff determined that “the proposal relate[d] to the products and services offered for sale by the company”, Amazon’s ordinary business operations); *PetSmart, Inc.* (Mar. 24, 2011) (permitting exclusion under Rule 14a-8(i)(7) of a proposal calling for suppliers to certify that they have not violated certain laws regarding the humane treatment of animals, even though the Staff had determined that the humane treatment of animals was a significant policy issue. In its no-action letter, the Staff specifically noted the company’s view that the scope of the laws covered by the proposal were “fairly broad in nature from serious violations such as animal abuse to violations of administrative matters such as record keeping”); *CIGNA Corp.* (Feb. 23, 2011) (permitting exclusion under Rule 14a-8(i)(7) where, although a proposal addressed the potential significant policy issue of access to affordable health care, it also asked CIGNA to report on expense management, an ordinary business matter); *Capital One Financial Corp.* (Feb. 3, 2005) (permitting exclusion under Rule 14a-8(i)(7) of a proposal requesting that the company issue a statement that provides information relating to the elimination of jobs and/or the relocation of U.S.-based jobs by the company to foreign countries as well as any planned job cuts or offshore relocation activities, determining that the proposal related to the company’s “ordinary business operations (i.e., management of the workforce)”).

4. In 2017, the Staff permitted exclusion of drug pricing letters as not raising a sufficiently significant social policy issue that overrode their ordinary business subject matter.

Under the 2017 Pricing Letters, the Staff allowed exclusion pursuant to Rule 14a-8(i)(7), reflecting their belief that such proposals did not raise a sufficiently significant social policy issue that overrode their ordinary business subject matter. In fact, in *Amgen Inc.* (Feb. 10, 2017), the proponent specifically raised the argument that the proposal should not be excluded because it related to a significant policy issue but the Staff allowed the Company to exclude the proposal, stating that the proposal related to the Company’s ordinary business operations in that it “relate[d] to the rationale and criteria for price increases of the [C]ompany’s top ten selling branded prescription drugs in the last six years.” The proposals in the 2017 Pricing Letters sought a report covering multiple years of pricing data and including “the rationale and criteria used” for pricing and an “assessment of the legislative, regulatory, reputation and financial risks they represent for the company[ies]” Similar to the proposals at issue in the 2017 Pricing Letters, the Proposal seeks an annual report involving considerations of the “adopti[on of] pricing strategies, or making and honoring commitments about pricing, that incorporate public concern regarding the level or rate of increase in prescription drug prices; and . . . consider[ation] of risks related to drug pricing when allocating capital.” Like the 2017 Pricing Letters, including *Amgen Inc.* (Feb. 10, 2017), there is not a significant policy consideration that should prevent the exclusion of the proposal pursuant to Rule 14a-8(i)(7) as the Proposal and its supporting statement make clear that the Proponent is attempting to insert itself into the Company’s ordinary business matters.

In addition, similar to the precedent above, the Proposal can be argued to have touched on the broad issue of public concern regarding the level or rate of increase in prescription drug prices but links this concern to a narrow focus on the how and why of specific pricing decisions regarding certain of the Company’s products and on requiring specific considerations of risk related to drug pricing on all capital allocation decisions, which are ordinary business matters that are fundamental to management’s ability to run the Company on a day-to-day basis.

5. The “thrust and focus” of the Proposal is on the Company’s drug pricing and capital allocation decisions and not executive compensation.

Further, this Proposal references executive compensation, but only as to how such compensation rewards, or does not penalize, and focuses on the “commitments about pricing, that incorporate public concern regarding the level or rate of increase in prescription drug prices; and considering risks related to drug pricing when allocating capital.” The Staff has consistently permitted exclusion under Rule 14a-8(i)(7) of stockholder proposals relating to executive compensation if their “thrust and focus” is on an ordinary business matter. *See e.g., Apple Inc.* (Dec. 30, 2014) (permitting exclusion under Rule 14a-8(i)(7) of a proposal requesting the compensation committee include in the metrics used to determine incentive compensation for the company’s five most-highly compensated executives a metric related to the effectiveness of the company’s policies and procedures designed to promote adherence to laws and regulations that “although the proposal relates to executive compensation, the thrust and focus of the proposal is on the ordinary business matter of the company’s legal compliance program); *Delta Air Lines Inc.* (Mar. 27, 2012) (permitting exclusion under Rule 14a-8(i)(7) of a proposal requesting that the board initiate a program that prohibits payment, cash or equity, under any incentive program for management or executive officers unless there is an appropriate process to fund the retirement accounts of Delta pilots who retired, noting that although the proposal mentions executive compensation, the thrust and focus of the proposal is on the ordinary business matter of employee benefits”); *Exelon Corp.* (Feb. 21, 2007) (permitting exclusion under Rule 14a-8(i)(7) of a proposal requesting the board to implement rules and regulations forbidding the executives from establishing incentive bonuses that require a reduction to retiree benefits in order for the executives to reach their goals, noting that “although the proposal mentions executive compensation, the thrust and focus of the proposal is on the ordinary business matter of general employee benefits”); *General Electric Co.* (Jan. 10, 2005) (permitting exclusion under Rule 14a-8(i)(7) of a proposal requesting that the compensation committee, when setting executive compensation, include social responsibility and environmental criteria among the goals executives must meet, noting that “although the proposal mentions executive compensation, the thrust and focus of the proposal is on the ordinary business matter of the nature, presentation and content of programming and film production”); *The Walt Disney Co.* (Dec. 15, 2004) (same); *Wal-Mart Stores, Inc.* (Mar. 17, 2003) (permitting exclusion under Rule 14a-8(i)(7) of a proposal requesting the board of directors to incorporate increases in the percentage of Wal-Mart employees covered by its medical health insurance plan in Wal-Mart’s determination of senior executive compensation, noting that “while the proposal mentions executive compensation, the thrust and focus of the proposal is on the ordinary business matter of general employee benefits”); *Apache Corp.* (Mar. 5, 2008) (allowing exclusion of a proposal requesting that the company implement equal employment opportunity policies including prohibiting discrimination based on sexual orientation and gender identity because some of the principles mentioned in the proposal related to the company’s ordinary business operations).

In the case of the Proposal, although it references executive compensation, its thrust and focus is on the Company’s specific drug pricing decisions (particularly as it relates to “making and honoring” particular “commitments” about pricing) and the allocation of capital – all ordinary business matters. Accordingly, and consistent with the precedent described above, the Company

believes that the Proposal may be excluded from its 2018 Proxy Materials pursuant to Rule 14a-8(i)(7) as relating to the Company's ordinary business operations.

6. The Company has broad processes in place that support the conclusion that product pricing and public relations relating thereto and allocation of capital are fundamental to the Company's ordinary business.

In addition to the factors discussed in this letter, the following processes support the conclusion that product pricing and public relations relating thereto and allocation of capital are fundamental to the Company's ordinary business:

(i) Importantly, the Company has engaged consistently in broad direct stockholder outreach over the past several years and the compensation-related feedback received from stockholders is reviewed by the Company's Compensation Committee. This stockholder feedback has not, in the past, included integration of drug pricing into the Company's executive incentive awards. In fact, in discussions with the Company's stockholders, no concerns have been raised regarding the impact of the Company's drug pricing strategies on its executive incentive awards or in connection with the overall design of the Company's executive compensation program. In addition, the Company has specifically discussed this Proposal with certain of the Company's stockholders and those stockholders have expressed an opinion that they do not believe that the focus of this Proposal is appropriate for stockholder oversight. The Company will continue to engage in broad direct stockholder outreach regarding these issues;

(ii) The Company's Corporate Responsibility and Compliance Committee, an independent committee of the Board, is regularly updated on the Company's product pricing philosophy and practice from the Company's Executive Vice President, Global Commercial Operations that are reported out to the Board;

(iii) The Board periodically, including in October 2017, reviews a detailed presentation on the Company's Enterprise Risk Management ("ERM") program, including product value and access risks, discussed in more detail below; and

(iv) Annually, including at the December 2017 meeting, the Compensation Committee reviews a comprehensive evaluation of the Company's compensation policies and practices to determine whether such policies and practices impose any material risks.

B. The Proposal May be Excluded Pursuant to Rule 14a-8(i)(10) Because the Company Has Substantially Implemented the Proposal.

Rule 14a-8(i)(10) permits a company to exclude a stockholder proposal if "the company has already substantially implemented the proposal." The Commission adopted the "substantially implemented" standard in 1983 after determining that the "previous formalistic application" of the rule defeated its purpose, which is to "avoid the possibility of shareholders having to consider matters which already have been favorably acted upon by the management." *See* the 1983 Release and Exchange Act Release No. 34-12598 (July 7, 1976). Accordingly, the actions requested by a proposal need not be "fully effected" provided that they have been "substantially implemented" by the company. *See* 1983 Release. Furthermore, the Staff has stated that "a determination that

the company has substantially implemented the proposal depends upon whether its particular policies, practices and procedures compare favorably with the guidelines of the proposal.” *Texaco, Inc.* (Mar. 6, 1991, *recon. granted* Mar. 28, 1991).

Applying this standard, the Staff has consistently permitted the exclusion of proposals under Rule 14a-8(i)(10) when it has determined that the company’s policies, practices and procedures or public disclosures compare favorably with the guidelines of the proposal. *See, e.g., Wal-Mart Stores, Inc.* (Mar. 27, 2014); *Peabody Energy Corp.* (Feb. 25, 2014); *The Goldman Sachs Group, Inc.* (Feb. 12, 2014); *Hewlett-Packard Co.* (Dec. 18, 2013); *Deere & Co.* (Nov. 13, 2012); *Duke Energy Corp.* (Feb. 21, 2012); *Exelon Corp.* (Feb. 26, 2010); *ConAgra Foods, Inc.* (July 3, 2006); *The Gap, Inc.* (Mar. 16, 2001); *Nordstrom, Inc.* (Feb. 8, 1995); *Texaco, Inc.* (Mar. 6, 1991, *recon. granted* Mar. 28, 1991). In addition, the Staff has permitted exclusion under Rule 14a-8(i)(10) where a company already addressed the underlying concerns and satisfied the essential objectives of the proposal, even if the proposal had not been implemented exactly as proposed by the proponent. For example, in *PG&E Corp.* (Mar. 10, 2010), the Staff permitted exclusion under Rule 14a-8(i)(10) of a proposal requesting that the company provide a report disclosing, among other things, the company’s standards for choosing the organizations to which the company makes charitable contributions and the “business rationale and purpose for each of the charitable contributions.” In arguing that the proposal had been substantially implemented, the company referred to a website where the company had described its policies and guidelines for determining the types of grants that it makes and the types of requests that the company typically does not fund. Although the proposal appeared to contemplate disclosure of each and every charitable contribution, the Staff concluded that the company had substantially implemented the proposal. *See also, e.g., MGM Resorts Int’l* (Feb. 28, 2012) (permitting exclusion on substantial implementation grounds of a proposal requesting a report on the company’s sustainability policies and performance, including multiple, objective statistical indicators, where the company published an annual sustainability report); *Exelon Corp.* (Feb. 26, 2010) (permitting exclusion on substantial implementation grounds of a proposal requesting a report disclosing policies and procedures for political contributions and monetary and non-monetary political contributions where the company had adopted corporate political contributions guidelines); *The Gap Inc.* (Mar. 16, 2001) (permitting exclusion on substantial implementation grounds of a proposal requesting a report on child labor practices of the company’s suppliers where the company had established a code of vendor conduct, monitored compliance with the code, published information on its website about the code and monitoring programs and discussed child labor issues with stockholders).

As requested in the Proposal, the Company already provides disclosure regarding the factors that are integrated into the Company’s incentive compensation policies and the risks related to compensation in the Company’s annual proxy statements and ’34 Act Reports. In fact, the Company is required to do so under the regulations of the SEC. Further, the Company proactively provides on its Company website information regarding its policies and procedures that govern its drug pricing. Screenshots of the disclosures available on the Company’s website are attached hereto as Exhibit B.

1. Compensation Disclosure.

Instruction 3 to Item 402(b) of Regulation S-K of the Commission's rules provides that the Compensation Discussion and Analysis ("CD&A") should "focus on the material principles underlying the registrant's executive compensation policies and decision and the most important factors relevant to analysis of those policies and decisions." The Company's CD&A section of its definitive proxy statement filed on Schedule 14A with the Commission on April 6, 2017 (the "2017 Proxy Statement") discusses at length the performance goals and payouts under the Company's short- and long-term incentive programs and the reasons that the Compensation Committee selected the goals and incentive program design.

As indicated in the Supporting Statement, the Proponent was able to successfully derive the components of the Company's compensation program from the 2017 Proxy Statement in stating that the Company uses financial measures including non-generally accepted accounting principles earnings per share ("EPS") as a metric for the long-term incentive awards component of executive compensation. However, the Proponent fails to note that such disclosure informs investors that EPS is measured across three years and comprises just one-third of performance awards and that such awards are modified up or down by the total shareholder return such that actions over three years that are damaging to reputation and performance would reduce payouts under such plan. Further, revenues, net income and EPS all benefit from higher product sales driven by demand composed of a mix of units and price. Thus, consideration of how the Company prices its products are already reflected in these financial disclosures used by the Company in its executive compensation decisions. It is the responsibility of management to calibrate the right balance for each of the Company's products in each of the geographies that maximizes the long-term value of such product's contributions to the Company's business. The Proposal's supporting statement states that the Proponent "believe[s] that senior executive compensation arrangements should reward the creation of sustainable long-term value." The Company agrees and states on page 31 of the 2017 Proxy Statement that the Company's executive compensation is designed to, among other things "reward actions and outcomes consistent with . . . the creation of long-term stockholder value." Because the Company's evaluation of management's performance includes a review of performance over several years, management is incentivized, and not penalized, to make pricing decisions and pricing commitments that create a long-term benefit to the Company.

2. Risk Disclosure.

Additionally, Item 402(s) of Regulation S-K requires the Company to provide disclosure regarding its "compensation policies and practices as they relate to risk management." The risks are not defined or limited and, therefore, such risks considered and disclosed would include risks related to public concern over drug pricing and reputational risks. As Item 402(s) requires disclosure of "policies and practices of compensating its employees, including non-executive officers as they relate to risk management practices and risk-taking incentives" if those compensation policies and practices are reasonably likely to result in a material adverse effect on the Company, the rule would capture all such risks requested by the Proposal. This disclosure requirement was designed to "elicit disclosure about incentives in the company's compensation policies and practices that would be most relevant to investors." *See Exchange Act Release No. 61175* (Feb. 28, 2010).

As discussed in the 2017 Proxy Statement, on an annual basis, the Company's management, working with the Compensation Committee's independent compensation consultant, conducts an assessment of the Company's compensation policies and practices for all staff members generally, including executive officers, and for the Company's staff members who participate in the Company's sales incentive compensation, for material risks to the Company. The results of this assessment are reviewed and discussed with the Compensation Committee and reported to the full Board. As disclosed on pages 48 to 49 of the 2017 Proxy Statement, based on this assessment, review and discussion, the Company believes that through a combination of risk-mitigating features and incentives guided by relevant market practices and the Company's performance goals, the Company's compensation policies and practices do not present risks that are reasonably likely to have a material adverse effect on the Company. In evaluating the Company's compensation policies and practices, a number of factors were identified which the Company, the Compensation Committee and its independent consultant believe discourage excessive risk-taking. Of note, to the concerns raised by the Proposal, the Company has recoupment provisions that expressly allow the Compensation Committee or management, as appropriate, to consider employee misconduct that caused serious financial or reputational damage to the Company when determining whether an employee has earned an annual cash incentive award or the amount of any such award – such employee misconduct would encompass identified concerns of the Proponent, pricing decisions that create “public outrage over drug prices”, that destroy value or that “harm corporate reputation.”

Additionally, the Proposal's supporting statement states that the Company's compensation policies “align with [C]ompany strategy and encourage responsible risk management.” As discussed on pages 47 and 48 of the 2017 Proxy Statement, the Board oversees the Company's ERM program to identify, monitor and mitigate enterprise risks. The Board discusses enterprise risks with the Company's senior management multiple times during the year, including as part of its annual planning, annual budget review process, and capital plan review, including the specific areas of value and access, as well as sales. All members of the Compensation Committee participate in such oversight and discussion and bring such awareness and understanding to their evaluation of executive compensation program design and results.

3. Policy and Procedure Disclosure.

As discussed above in the previous section of this no-action request, executive compensation is mentioned in the Proposal, but the Proposal's “thrust and focus” is actually drug pricing decisions, the Company's response to risks from public concern relating to level or rate of increase in prescription drug prices and allocation of capital. In addressing the Proposal's focus on these items, the Company has policies and procedures that address issues related to drug pricing and has communicated these to stockholders and the general public through the Company's website. Specifically, under the “Responsibility” section of the website, the Company provides information that addresses “Access to Medicine,” including “Reimbursement Support Services and Financial Assistance Programs,” “Access to Investigational Medicines” and “The Value of Our Medicines.” (See <http://amgen.com/responsibility/access-to-medicine/>). The Company's website also identifies the Company's Commitment to Patients (See <http://amgen.com/responsibility/amgens-commitment-to-patients/>). Additionally, it is worth noting that the subject of drug pricing strategy is not as simple as setting a single wholesale price

- the Company offers and discloses a number of reimbursement support services and financial assistance programs. Screenshots of the information available on the Company's website are attached hereto as Exhibit B.

Disclosure relating to the role of drug pricing in the Company's business is discussed in the Management Discussion & Analysis ("MD&A") and the Risk Factor sections of the Company's annual report on Form 10-K (the "Annual Report") for the year ended December 31, 2016 ("2016 Annual Report") and previous and subsequent quarterly reports on Form 10-Q (the "Quarterly Reports"). The Company has been transparent about price trends where appropriate – beginning in the MD&A section of the Quarterly Report for third quarter 2016, the Company reported for the product Enbrel® “[w]e expect relatively little benefit from net selling price changes in 2017.” In the 2016 Annual Report, also in the MD&A section, the Company reported for Enbrel® that “[i]n 2017, we expect intensifying competition and relatively little benefit from net selling price changes.” Further, in the same report, the Company noted in its risk factors that “[p]ublic scrutiny of the price of drugs and other healthcare costs is increasing and greater focus on pricing and price increases may limit our ability to set or increase the price of our products based on their value, which could have a material adverse effect on our product sales, business and results of operations.” (See “Risk Factors—Our sales depend on coverage and reimbursement from third-party payers, and pricing and reimbursement pressures may affect our profitability” in the 2016 Annual Report and Quarterly Report for the quarterly period ended March 31, 2017.) In the Quarterly Report for the quarterly period ended September 30, 2017, the Company reported in the MD&A section for Enbrel® that “[f]or the full year 2017, we expect a decline in unit demand and a slight decline in net selling price, both of which we expect to continue in 2018.” These disclosures also demonstrate that management is behaving in an informed manner with respect to managing the business for the longer-term and is keeping investors appropriately informed.

Accordingly, the Proposal has been substantially implemented and the Company believes it may properly omit the Proposal from its 2018 Proxy Materials in reliance on Rule 14a-8(i)(10).

C. The Proposal May be Excluded Pursuant to Rule 14a-8(i)(3) Because the Proposal is Inherently Vague and Indefinite.

Under Rule 14a-8(i)(3), a company may exclude a stockholder proposal from its proxy materials if the proposal “is so inherently vague and indefinite that neither the shareholders voting on the proposal, nor the company in implementing the proposal (if adopted), would be able to determine with any reasonable certainty exactly what actions or measures the proposal requires.” Staff Legal Bulletin 14B (Sept. 15, 2004). Discussing Rule 14a-8(i)(3), the Staff has emphasized that, “[i]n evaluating whether a proposal may be excluded on this basis, we consider only the information contained in the proposal and supporting statement and determine whether, based on that information, shareholders and the company can determine what actions the proposal seeks.” Staff Legal Bulletin No. 14G (Oct. 16, 2012); see also *Dyer v. SEC*, 287 F.2d 773, 781 (8th Cir. 1961) (“[I]t appears to us that the proposal, as drafted and submitted to the company, is so vague and indefinite as to make it impossible for either the board of directors or the stockholders at large to comprehend precisely what the proposal would entail.”); *Capital One Financial Corp.* (Feb. 7, 2003) (concurring with exclusion under Rule 14a-8(i)(3) where the company argued that its stockholders “would not know with any certainty what they are voting either for or against”);

Fuqua Industries, Inc. (Mar. 12, 1991) (concurring with exclusion under Rule 14a-8(i)(3) where a company and its stockholders might interpret the proposal differently, such that “any action ultimately taken by the [c]ompany upon implementation [of the proposal] could be significantly different from the actions envisioned by shareholders voting on the proposal”).

Here, the Proposal is impermissibly vague and indefinite so as to be inherently misleading because, among other things, it fails to define key terms used in the Proposal such that the Company is unable to ascertain what exactly it should be disclosing in the requested report. While the Proposal focuses on “risks related to public concern over drug pricing strategies,” it does not specify what such risks are, what level of news commentary or other form of public expression amounts to “public concern” or what specific drug pricing strategies they are referring to. The supporting statement compounds the confusion by citing disparate examples ranging from congressional investigations on the one hand to merely having a product mentioned in articles about drug pricing, which does not narrow the scope of what the Proposal means by “public concern” or allow the Compensation Committee to identify whether it has complied with the Proposal should it be adopted. Thus, the Proposal fits cleanly into the definition of a proposal that if adopted “neither the shareholders voting on the proposal, nor the company in implementing the proposal . . . would be able to determine with any reasonable certainty exactly what actions or measures the proposal requires.” Moreover, the Proposal requires “disclosure of risks related to drug pricing when allocating capital,” but does not clarify what this means, how the allocation of capital is related to the pricing of drugs or how the Compensation Committee and Board would convey to stockholders that it has complied with this element. Moreover, the allocation of capital is a broad concept involving varied and detailed financial and human resources, expenditures and planning, and the Compensation Committee is generally not charged with analyzing or determining allocation of capital on a Company-wide basis. Finally, the Proposal’s supporting statement contains references to external sources that do not state what the Proponents purport such articles to conclude and, in certain instances, mischaracterize the information quoted. As a result, it is very difficult to determine what actions or measures the Proposal requires.

Accordingly, the Company believes that it may properly exclude the Proposal from the 2018 Proxy Materials under Rule 14a-8(i)(3) as it is inherently vague and indefinite.

III. CONCLUSION

Based upon the foregoing analysis, we hereby respectfully request that the Staff confirm that it will not recommend enforcement action if the Proposal is excluded from the Company’s 2018 Proxy Materials (i) pursuant to Rule 14a-8(i)(7) because it deals with a matter relating to the Company’s ordinary business operations; (ii) pursuant to Rule 14a-8(i)(10) because the Company has already substantially implemented the Proposal; or (iii) pursuant to Rule 14a-8(i)(3) because it is inherently vague and indefinite.

* * * *

We would be pleased to provide any additional information and answer any questions that the Staff may have regarding this submission. If the Staff does not concur with the Company’s position, we would appreciate an opportunity to confer with the Staff concerning this matter prior to the determination of the Staff’s final position. In addition, the Company requests that the

LATHAM & WATKINS LLP

Proponents copy the undersigned on any response it may choose to make to the Staff, pursuant to Rule 14a-8(k).

LATHAM & WATKINS LLP

If we can be of any further assistance in this matter, please do not hesitate to contact me at 650-470-4852. Please acknowledge receipt of this letter by return electronic mail. Thank you for your attention to this matter.

Sincerely,

Maj Vaseghi

Maj Vaseghi
of LATHAM & WATKINS LLP

cc: Andrea A. Robinson, Assistant Secretary and Associate General Counsel
Amgen Inc.

Donna Meyer, PhD, Director of Shareholder Advocacy
Mercy Investment Services, Inc.

Rose Marie Stallbaumer, OSB, Investment Representative
Benedictine Sisters of Monasterio Pan de Vida

Rose Marie Stallbaumer, OSB, Treasurer
Benedictine Sisters of Mount St. Scholastica

Ann Roberts, ESG Analyst
Dana Investment Advisors

Jeffery W. Perkins, Executive Director
Friends Fiduciary

Sister Mary Brigid Clingman OP, Promoter of Justice
Sisters of the Order of St. Dominic of Grand Rapids

Judith Sinnwell, OSF, Sisters of St. Francis Charitable Trust Chair
Sisters of St. Francis Charitable Trust

Tom McCaney, Associate Director, Corporate Social Responsibility
The Sisters of St. Francis of Philadelphia

Catherine M. Rowan, director, Socially Responsible Investments
Trinity Health

Meredith Miller, Chief Corporate Governance Officer
UAW Retiree Medical Benefits Trust

Exhibit A



December 5, 2017

Jonathan P. Graham
Senior Vice President, General Counsel and Secretary
Amgen, Inc.
One Amgen Center Drive
Thousand Oaks, CA 91320-1799

Dear Mr. Graham:

Mercy is the lead filer on the resolution urging the Amgen Compensation Committee to report annually to shareholders on the extent to which risks related to public concern over drug pricing strategies are integrated into Amgen's incentive compensation policies, plans and programs for senior executives.

On November 30, 2017, Amgen sent notice to inform Mercy Investment Services, Inc. that the proposal exceeded 500 words in violation of Rule 14a-8(d) and that this procedural deficiency must be remedied. As per your instructions, attached is a revised Proposal that meets these specifications. The revised proposal is being submitted within the 14 calendar days from the date of the Amgen notice.

Please accept this revised proposal on behalf of Mercy Investment Services and on behalf of those co-filers who authorized Mercy to act on their behalf. Mercy Investment Services and co-filers who previously filed all submitted verification of ownership at the time of their previous communication and will continue to hold at least the requisite number of through the annual shareholders' meeting.

We look forward to having productive conversations with the company. Please direct your responses to me via my contact information below.

Best regards,

A handwritten signature in cursive script, appearing to read "Donna Meyer".

Donna Meyer, PhD
Director of Shareholder Advocacy
713-299-5018
dmeyer@mercyinvestments.org

RESOLVED, that shareholders of Amgen Inc. (“Amgen”) urge the Compensation Committee (the “Committee”) to report annually to shareholders on the extent to which risks related to public concern over drug pricing strategies are integrated into Amgen’s incentive compensation policies, plans and programs (together, “arrangements”) for senior executives. The report should include, but need not be limited to, discussion of whether incentive compensation arrangements reward, or not penalize, senior executives for adopting pricing strategies, or making and honoring commitments about pricing, that incorporate public concern regarding the level or rate of increase in prescription drug prices; and considering risks related to drug pricing when allocating capital.

SUPPORTING STATEMENT

As long-term investors, we believe that senior executive incentive compensation arrangements should reward the creation of sustainable long-term value. To that end, it is important that those arrangements align with company strategy and encourage responsible risk management.

A key risk facing drug companies is potential backlash against high prices. Public outrage over drug prices and their impact on patient access may force price rollbacks and harm corporate reputation. Investigations regarding pricing of prescription medicines may bring about broader changes. (E.g., <https://democrats-oversight.house.gov/news/press-releases/cummings-and-welch-launch-investigation-of-drug-companies-skyrocketing-prices>; <https://democrats-oversight.house.gov/news/press-releases/cummings-and-welch-propose-medicare-drug-negotiation-bill-in-meeting-with>) Amgen has been criticized for price hikes on Enbrel, often timed close to increases by AbbVie on competing drug Humira. (https://www.washingtonpost.com/news/wonk/wp/2016/11/07/the-bizarre-reason-two-competing-drug-prices-rose-in-tandem/?utm_term=.987248414e13)

We are encouraged by Amgen’s willingness to experiment with outcomes-based pricing for new cholesterol-lowering drug Repatha. (<http://www.wbur.org/commonhealth/2017/05/03/amgen-repatha-refund-promise-harvard-pilgrim>) We are concerned, however, that the incentive compensation arrangements applicable to Amgen’s senior executives may not encourage them to take actions that result in lower short-term financial performance even when those actions may be in Amgen’s best long-term financial interests.

Amgen uses revenue and non-GAAP net income, along with product-related goals, as metrics for the annual bonus, and earnings per share (EPS) as one of the metrics for long-term incentive awards. (2017 Proxy Statement, at 58, 62) A recent Credit Suisse analyst report stated that “US drug price rises contributed 100% of industry EPS growth in 2016” and characterized that fact as “the most important issue for a Pharma investor today.” The report identified Amgen as a company

where net price increases accounted for at least 100% of net income growth in 2016. (*Global Pharma and Biotech Sector Review: Exploring Future US Pricing Pressure*, Apr. 18, 2017, at 5)

In our view, excessive dependence on drug price increases is a risky and unsustainable strategy, especially when price hikes drive large senior executive compensation payouts. For example, coverage of the skyrocketing cost of Mylan's EpiPen noted that a 600% rise in Mylan's CEO's total compensation accompanied the 400% EpiPen price increase. (See, e.g., <https://www.nbcnews.com/business/consumer/mylan-execs-gave-themselves-raises-they-hiked-epipen-prices-n636591>; <https://www.wsj.com/articles/epipen-maker-dispenses-outsize-pay-1473786288>; <https://www.marketwatch.com/story/mylan-top-executive-pay-was-second-highest-in-industry-just-as-company-raised-epipen-prices-2016-09-13>)

The disclosure we request would allow shareholders to better assess the extent to which compensation arrangements encourage senior executives to responsibly manage risks relating to drug pricing and contribute to long-term value creation. We urge shareholders to vote for this Proposal.

Exhibit B

AMGEN'S COMMITMENT TO PATIENTS

HOME / RESPONSIBILITY / AMGEN'S COMMITMENT TO PATIENTS

At Amgen, our mission to serve patients is evident in our unwavering commitment to deliver breakthrough treatments for unmet medical needs. We believe that innovative medicines are the best hope to reduce both the human and financial burden that serious diseases, such as cancer and heart disease, place on people, their families and our society. Such medicines can play a major role in reducing rising healthcare costs worldwide. These costs are fueled, in part, by aging populations that are straining healthcare systems around the world. Amgen is committed to working with the entire healthcare community to ensure a fertile environment for innovation and to encourage an equitable healthcare system that enables patients to access the medicines they need.

Amgen's commitment means that we:

- **Continue to invest billions of dollars annually in research and development** in search of innovative therapies to address unmet medical needs. We've invested almost \$20 billion in the last five years because we believe our expertise in drug discovery and development, human genomics and the complex process of biologics manufacturing will enable us to find new cures and treatments for society's most serious and costly diseases. Our goal is to enable people to live longer, more productive and higher-quality lives, while reducing the cost of managing disease. By thoughtfully executing on our mission and strategy, we believe we will also earn an appropriate return for the many thousands of people who have committed their investment capital to Amgen.
- **Develop more affordable therapeutic choices** in the form of high-quality and reliably-supplied biosimilars. We currently have a robust pipeline of biosimilar molecules, which target some of the most complex and important oncology and inflammation antibody biologics.
- **Price our medicines to reflect the value they provide** for patients, payers and society. We are also transparent about how we determine that value, by making our data publicly available via congresses, peer-reviewed journals and our medical information team. Amgen has been – and will continue to be – transparent about the pricing components of its revenues, having for over a decade publicly disclosed the impact of rebates and discounts on revenues.
- **Partner with payers to share risk and accountability for health outcomes**, and help ensure that patients can access the medicines they need without significant financial burden. We have been at the forefront of developing innovative contracting and partnerships designed to improve population health and patient access, as well as outcomes-based and risk-sharing approaches that directly link the price of our medicines to their performance. We will continue to explore new programs and partnerships.
- **Provide patient support and education programs and help patients in financial need access our medicines** in many countries around the world. For those U.S. citizens unable to afford their prescribed medicines, Amgen contributes several hundred million dollars a year to free goods and other patient support programs.

RESPONSIBILITY

Overview

Amgen's Commitment to Patients

2016 Responsibility Highlights Report

Amgen Foundation

Access to Medicine

Amgen's Commitment to Diversity & Inclusion

Environment

Supplier Sustainability

Grants and Giving

Safety and Wellness

Reporting and Metrics

- **Work with policymakers, patients and other stakeholders** to establish a sustainable healthcare system with access to affordable care and where patients and their healthcare professionals are the primary decision makers.

<p>About</p> <ul style="list-style-type: none"> Overview The Amgen Difference ↗ Quick Facts Mission and Values Leadership Awards and Accolades How We Operate Amgen History ↗ 	<p>Science</p> <ul style="list-style-type: none"> Overview Research and Development Strategy Pipeline ↗ Scientific Advisory Boards Amgen Science ↗ Clinical Trials Manufacturing Biosimilars ↗ 	<p>Products</p> <ul style="list-style-type: none"> Overview Medical Information ↗ Global Patient Safety Counterfeit Drug Statement Safety Data Sheets 	<p>Responsibility</p> <ul style="list-style-type: none"> Overview Amgen's Commitment to Patients 2016 Responsibility Highlights Report Amgen Foundation Access to Medicine Amgen's Commitment to Diversity & Inclusion Environment Supplier Sustainability Grants and Giving Safety and Wellness Reporting and Metrics 	<p>Investors ↗</p> <p>Media</p> <p>Partners</p> <p>Careers ↗</p>	<p>Stay Connected</p> <p>Contact Us</p> <p>     </p> <p>Follow @Amgen</p>
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ACCESS TO MEDICINE

HOME / RESPONSIBILITY / ACCESS TO MEDICINE / THE VALUE OF OUR MEDICINES / THE PRICE OF OUR MEDICINES

The Price of Our Medicines

[THE VALUE OF OUR MEDICINES](#)

[The Price of Our Medicines](#)

Amgen's commitment to innovation has led us to launch groundbreaking therapies to treat serious illnesses. To ensure we meet the needs of patients who can benefit from our medicines worldwide, Amgen is committed to producing safe and effective therapies that can be appropriately accessed by the patients who need them most.

We follow a core set of principles for responsible pricing across the world, including developing countries, which include the following considerations:

- Reflects the economic value to society generated through improvement in life expectancy or reduction in risk of disease- or-treatment-related complications
- Reflects the clinical benefits and any medical costs avoided, and broader value to patients, caregivers and payers
- Enables access to medicines for appropriate patients
- Recognizes the local healthcare infrastructure and elements of the product supply chain as well as the competitive landscape of each country
- Enables continued investment to fund scientific innovation

In our efforts to balance local economic constraints and appropriate access to innovative therapies we may employ price policies that vary within regions and even within a given country. Price policies for Amgen products take into account a number of important factors in each country, including but not limited to:

- **Cost-effectiveness thresholds**
- **Budget impact in countries offering National Healthcare / Socialized Medicine**
- **Patient ability to pay**
- **Per-Capita Gross Domestic Product (GDP)**
- **Healthcare spending as a proportion of GDP**

While our product pricing aims to ensure patient access, in some countries adaptive pricing alone may not guarantee access to our medicines. Other elements and activities beyond Amgen's control such as healthcare infrastructure, supply chain / distribution structure, and public health funding priorities may impact access and affordability of Amgen products for patients who can benefit from our medicines.

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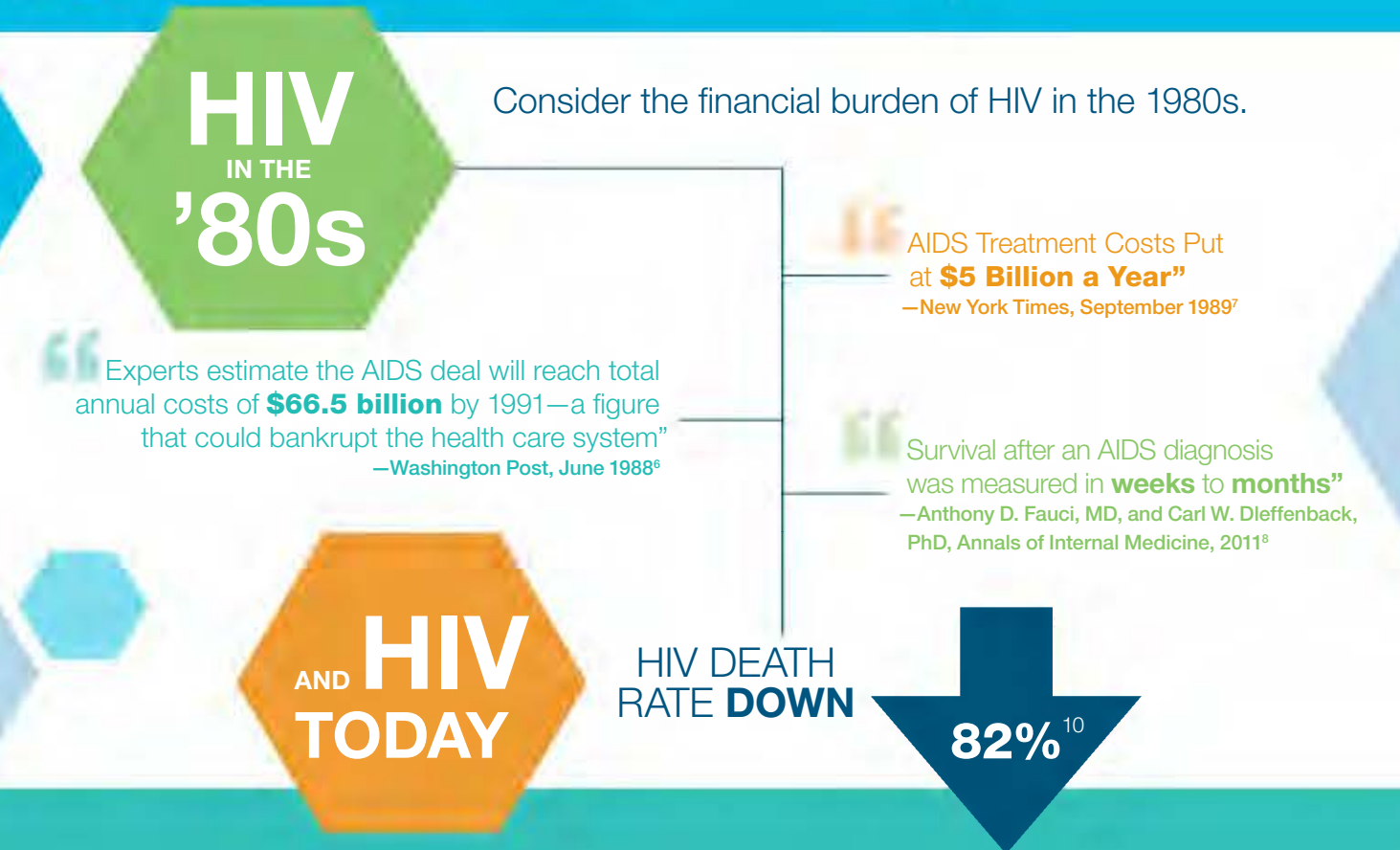
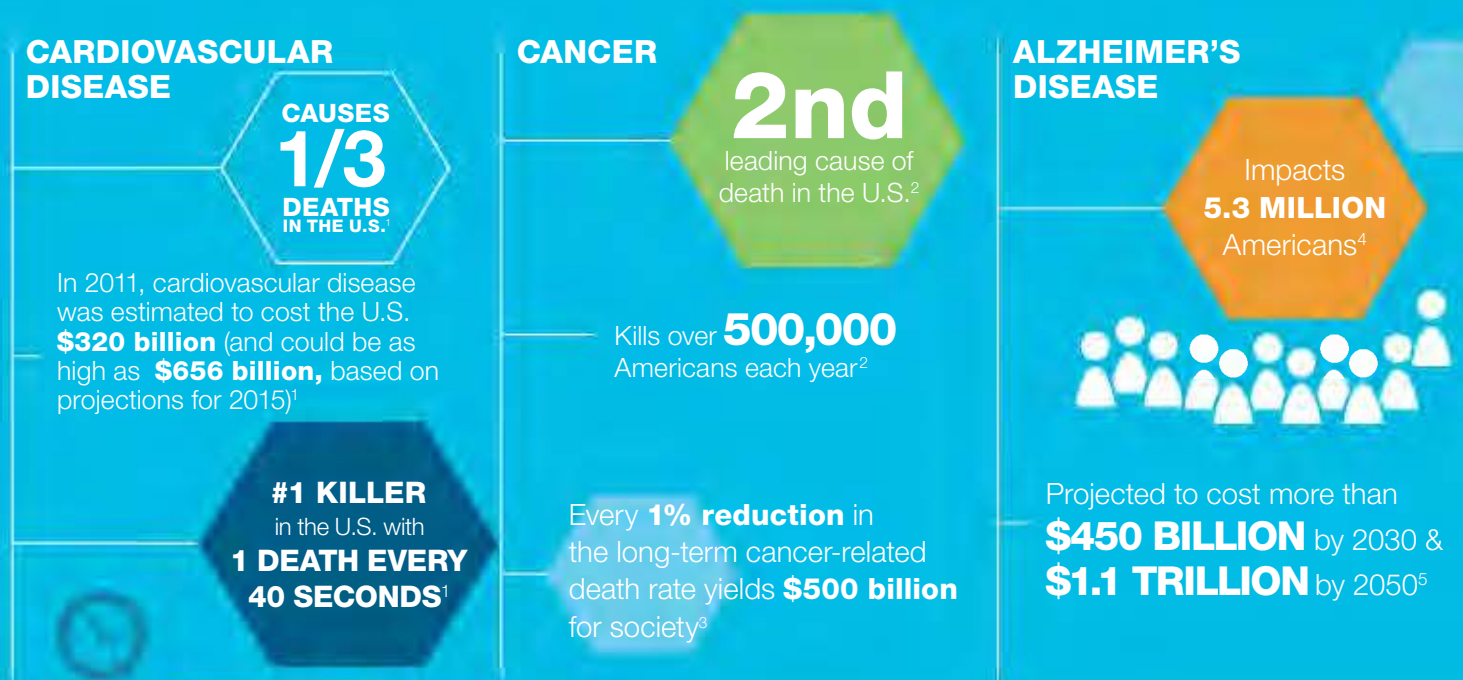
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The Real Value of Innovative Medicine

In order to create a sustainable health care system, it's important for all stakeholders to holistically look at the burden and overall cost of disease—not just the cost of the critical interventions. If we don't account for the value of medicine, we're not looking at the full picture.

The challenge we face in addressing health care spending is that many stakeholders view the problem from a narrow silo or focus on the short-term financial or budget impact of paying for innovation.

But it's critical that we address the real problem—the rising cost of disease.



Despite focus on the high cost of cancer treatments, we're making **CRITICAL BREAKTHROUGHS IN CANCER**. Innovators only captured 5%–9% of the **\$1.9 trillion** of economic value generated through people living longer, healthier, more productive lives.⁹



Innovation requires the power to explore and the time to stimulate change. Innovative biopharmaceuticals are part of the solution to the significant burden of cancer, cardiovascular and other serious diseases that impact patients and society.

SO WHAT ARE WE DOING?

To address some of health care's most pressing challenges, Amgen uses insights from human genetics and biology to innovate biologics and decrease the cost and burden of disease. We are also actively working to:

- Evolve manufacturing to drive cost down through innovation
- Speed up and reduce the cost of bringing new innovative drugs to market
- Develop innovative new technologies to engage patients/providers to ensure optimal value is derived from our product
- Partner to improve overall population health
- Serve as a leading manufacturer of high quality and reliably supplied biosimilars
- Understand the importance of precision medicine to ensure the right patients receive the right treatment, at the right time

Precision medicine is important to ensure the right patients receive the right treatment, at the right time. At Amgen, we more than understand this. We believe in it.

¹ Mozaffarian D, Benjamin EJ, Go AS, et al; on behalf of the American Heart Association Statistics Committee and Stroke Statistics Subcommittee. Heart disease and stroke statistics-2015 update: a report from the American Heart Association. *Circulation*. 2015;131:e29-e322. ² CDC. Fast Facts: Leading Causes of Death. Available at: <http://www.cdc.gov/nchs/fastats/leading-causes-of-death.htm>. Accessed August 12, 2015. ³ Murphy KM and Topel RH. The Value of Health and Longevity. *J Political Econ* 2006; 114(5):871-904. ⁴ Alzheimer's Association. 2015 Alzheimer's disease facts and figures. *Alzheimer's & Dementia* 2015;11(3):332. ⁵ Alzheimer's Association. Changing the Trajectory of Alzheimer's Disease: How a Treatment by 2025 Saves Lives and Dollars. Chicago, IL, 2015. ⁶ Kawata P. The Big Deal about AIDS. *Washington Post*. June 1988. ⁷ Hitts PJ. AIDS Treatment Costs Put at \$5 Billion a Year. *New York Times*. September 1989. ⁸ Dieffenbach CW, Fauci AS. Thirty Years of HIV and AIDS: Future Challenges and Opportunities. *Ann Intern Med*. 2011;154(11):766-771. ⁹ Goldman D, Lakdawalla D, Philipson T. The Economic Value of Medical Innovation. Santa Monica: Milken Institute, August 2012. ¹⁰ National Center for Health Statistics. Health, United States, 2014: With Special Feature on Adults Aged 55-64. Hyattsville, MD, 2015. ¹¹ Mariotto AB, Yabroff KR, Shao Y, et al. *J Natl Cancer Inst*. 2011;103:117-128. ¹² Lakdawalla, Darius N., Eric C. Sun, Anupam B. Jena, Carolina M. Reyes, Dana P. Goldman, Tomas J. Philipson. "An Economic Evaluation of the War on Cancer." *Journal of Health Economics* 29 (2010): 333-346. ¹³ Cutler DM, McClellan M. Is Technological Change in Medicine Worth It? *Health Affairs*. 2001;20:11-29. ¹⁴ National Cancer Institute. SEER. Cancer Stat Fact Sheets. Available at: <http://seer.cancer.gov/statfacts/html/all.html>. Accessed July 24, 2015. ¹⁵ Sun E, Jena AB, Lakdawalla D, Reyes C, Philipson TJ, Goldman D. The contributions of improved therapy and early detection to cancer survival gains, 1988-2000. *Forum for Health Economics & Policy*. 2010;13(2): Article 1.

Drug Costs in Perspective

Are prescription drug prices really the primary drivers of rising health care costs and the cause of patient financial burden? Here we shed light on the key components of health care and their contribution to rising costs, the disproportionate 'skin in the game' for patients with regard to prescription medicines and ask what can we do to ensure that health care remains affordable for all.

Patients contribute more for prescription medicines even though medicines represent only 10% of total health care spend.¹

Spending on retail prescription medicines is ~10% of total U.S. health care spending, has grown in line with other health care prices and is predicted to remain around 10% until 2023.³ Even with the inclusion of non-retail specialty medicines, prescription drug spend is only 13% of total spending.⁴ Conversely, hospital and physician services consume ~50% of every \$1 and have grown ~70% since 2004.^{5,6} Despite this, a patient contributes 4x more for medicines compared to hospital care.⁵

Insurers require patients to contribute 4x more for medicines than hospital care⁵

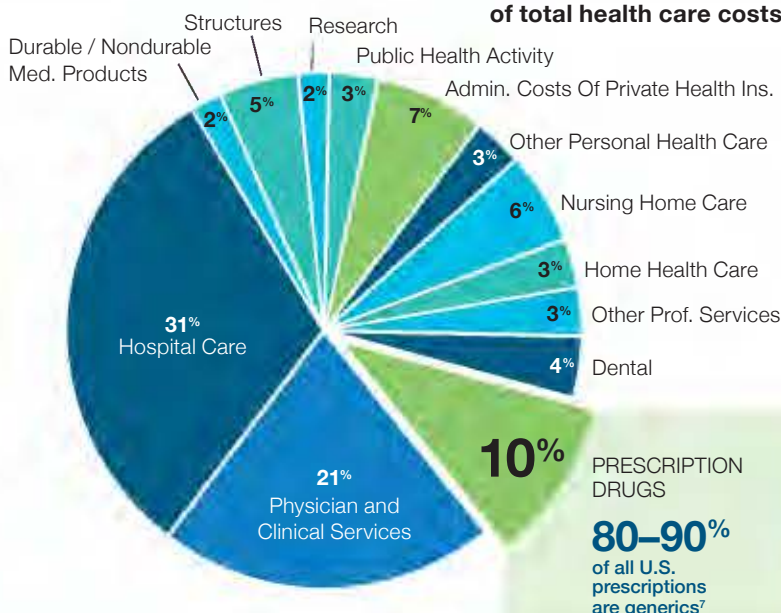
Prescription Drugs

20%



Hospital Care

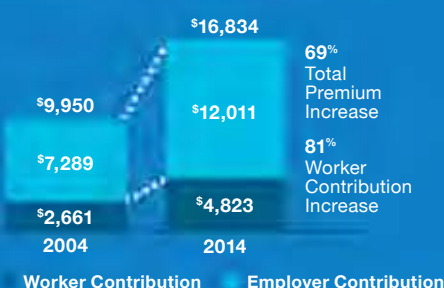
5%



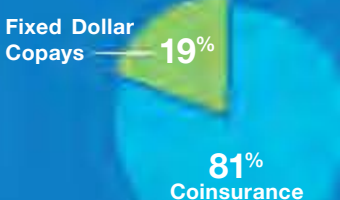
What's causing my 'financial burden'?

If you feel like you pay more for health care that's because you do! Insurers have increased your premiums; introduced more cost sharing tiers and co-pay tiers for branded therapies and increasingly shifted to co-insurance benefit designs where patients contribute as much as 40% of all pharmacy costs.¹⁷

Family health care premiums have almost doubled⁹



Plans increasingly charge patients a percentage of a medicine's total cost rather than fixed copays⁵



The sickest 4% of patients pay 15x more out of pocket costs than the national average for specialty medicines¹⁶



Practices that increase the financial burden have negative impacts on patients and health care systems.

DOUBLING MEDICATION COPAYS FOR CHRONIC CONDITIONS...¹⁰



Avoiding the medical and pharmacy expenses that result from non-adherence to medicines would cover the annual prescription drug bill.^{7,11}



75%
Due To Non-Adherence To Medication Treatments



A dynamic and competitive market creates headroom to fund innovation.

Marketplace competition drives rebates typically in the 20-40% range.¹² Consequently, the published list price is significantly different to the net price received by the manufacturer. Unlike any other aspect of health care, medicine prices tend to decrease at patent expiration, by as much as 90% within months - creating additional funding available for innovation and ensure that U.S. patients benefit first from the latest scientific advances.¹³

SIGNIFICANT PRICE CONCESSIONS ARE COMMON IN TODAY'S COMPETITIVE MARKET PLACE



23.1%*14

Medicaid

*Mandatory discount that can be negotiated further

**Average minimum discount

22.5%14**

340B Hospitals

36%12

Insurance Plans and Pharmacy Benefit Managers

In 2012...

Savings created by patent expirations of branded products were more than enough to pay for desperately needed, innovative medicines.



Savings due to patent expiries could have paid the total oncology drugs bill¹⁵

...and the innovation system is working

\$91 Billion

Saved on small molecule patent expiries over the past 5 years¹³

\$84 Billion

Net savings estimated for the next 5 years for small molecules¹³

How we price our medicines...

- Are based on value brought to patients, providers, payers and society
- Align with population size, investment and risk we undertake
- Fund continued scientific innovation and ensure access to our therapies
- Balance affordability with availability of patient assistance programs



Our Solution



At Amgen, we believe providers and patients need choices to effectively manage complicated diseases. We are committed to an ongoing dialogue with patients, providers, payers, policymakers and regulators to find ways to promote innovation and value-based solutions to alleviate the financial and societal burden of some of the world's most serious diseases.

1. Keehan SP et al. National Health Expenditures Projections 2014-2024 Health Expenditures, CMS, July 2015. Health Affairs. 2. California Biotechnology Foundation. Breakthrough Medications Save Money and Save Lives. February 2015;(1)5. 3. Drug Channels Institute. Share of U.S. National Health Expenditures, by Major Spending Category, 1973-2023. September 2014. 4. Center for Sustainable Health Spending Data Brief: A 10-Year Projection of the Prescription Drug Share of National Health Expenditures, Including Nonretail. October 2014. 5. PhRMA. Biopharmaceuticals in Perspective, ChartPack: Version 5.0. Spring 2015. Washington DC. 6. PhRMA. National health expenditures by type of service and source of funds, CY 1960-2013. Baltimore, Md.: CMS; 2013. 7. IMS Institute for Healthcare Informatics. Medicines Use and Spending Shifts: A Review of the Use of Medicines in the U.S. in 2013. April 2014. 8. Fleming C. Specialty Drugs: Cost, Impact, and Value. Health Affairs Blog. October 2014. 9. Kaiser Family Foundation/Health Research & Educational Trust. Employer health benefits: 2014 annual survey. 10. Goldman DP. Pharmacy Benefits and the Use of Drugs by the Chronically Ill. JAMA. 2004 May 19;291(19):2344-50. 11. Express Scripts, Inc. 2013 Drug Trend Report, Annual Report. April 2014. 12. Ballin J et al. Rising US Rebates limit margin expansion, Credit Suisse Annual Report. May 2015. 13. Amgen Inc. Data on file. IMS Consulting Group: Measuring Impact of LOE. May 2015. 14. Medicare Payment Advisory Commission. Report to the Congress: Overview of the 340B Drug Pricing Program. May 2015. Washington, DC. 15. IMS Institute for Healthcare Informatics, Declining medicines Use and Costs: For Better or Worse, May 2013. 16. IMS Institute, Medicine Use and Shifting Cost of Care, April, 2014. 17. Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2000-2015.