

AMGEN INC
Form DEFA14A
April 26, 2018

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934

Filed by the registrant

Filed by a party other than the registrant

Check the appropriate box:

Preliminary Proxy Statement

CONFIDENTIAL, FOR USE OF THE COMMISSION ONLY (AS PERMITTED BY RULE 14A-6(E)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to Section 240.14a-12

AMGEN INC.

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of filing fee (check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11

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[Subsequent to this filing, Amgen Inc. sent the following summary communication to one or more investors and/or proxy advisory firms for their consideration in making their vote recommendations.]

Amgen 2018 Proxy Statement Key Highlights

We are sending this summary in support of Amgen's Board of Directors' recommendations for our 2018 Annual Meeting of Stockholders to be held on May 22, 2018.

Item 1: Our Board recommends **FOR the election of the 13 Director nominees.**

We are committed to corporate governance best practices that are informed by extensive stockholder engagement and feedback and have a highly engaged and independent Board.

We have a highly-engaged, experienced and **independent Board**; 12 of the 13 director nominees are independent and we are committed to Board refreshment with an average tenure of ~4.8 years for our director nominees.

We have a **lead independent director** role with substantial and specific duties, and the independent directors have elected Robert A. Eckert to serve as the lead independent director for a third term.

We have a long-standing practice of **stockholder engagement**, and in addition to outreach to investors by our executives and our Investors Relations department, we have engaged in governance-focused outreach activities and discussions with stockholders who hold approximately 52% of our outstanding shares since our 2017 annual meeting of stockholders.

Our Board has a history of responsiveness to stockholder feedback.

We have an annually elected board, utilize majority voting in non-contested elections, provide stockholders with the right to act through a special meeting and by written consent, and, a proxy access right for stockholders.

Item 2: Our Board recommends **FOR the advisory vote to approve our executive compensation.**

Our financial performance was strong and we invested for long-term growth while returning substantial capital to our stockholders in 2017.

Our one-year total shareholder return, or TSR, of 22% and our five-year TSR of 125% outperformed the one- and five-year average TSR of our peer group of 10% and 101%, respectively.

We returned \$6.5 billion of capital to our stockholders in the form of dividends (\$3.4 billion) and stock repurchases (\$3.1 billion). Further, we increased our quarterly dividend per share 15% over 2016 (to \$1.15 per share for 2017). This year, based on our confidence in the long-term outlook for our business, enhanced by the Tax Cuts and Jobs Act, and consistent with our ongoing objective to return capital to our stockholders, we executed a tender offer for \$10 billion in shares.

Our executive compensation is aligned with our business strategy and is performance-based.

We **pay for performance**, and pay outcomes reflect the achievements of our Named Executive Officers, or NEOs, against our short- and long-term performance.

Compensation is performance-based and, as a consequence, **~69% of our other NEOs 2017 target direct compensation and ~75% of our CEO's target direct compensation** was based solely on our Company's performance (paid in the form of annual cash incentive awards based on our annual Company performance goals, stock options, and performance units to be paid based on the Company's performance over a three-year performance period). We use median values as the reference point for each element of compensation at all levels, including our NEOs.

Our compensation program is **directly linked to our performance and strategy**. Each year, our Compensation and Management Development Committee, or Compensation Committee, approves Company performance goals that are designed to focus our staff members on delivering our financial and operational objectives to drive annual performance, advance strategic priorities discussed below, and position us for longer-term success.

We have implemented compensation best practices, including:

A substantial **majority of compensation is performance-based**, including 80% performance-based long-term incentive equity award grants, for our NEOs.

A **clawback policy** and our incentive cash compensation plans contain **recoupment provisions** that allow the consideration of 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).

Robust **stock ownership and retention guidelines**.

We executed on our business strategy in 2017.

We seek to develop innovative medicines that address important unmet medical needs in the fight against serious illness. Six therapeutic areas form the core of our business – cardiovascular, oncology/hematology, neuroscience, inflammation, nephrology, and bone health. Our strategy in these therapeutic areas includes a series of integrated activities to strengthen our long-term competitive position in the industry. These activities include the strategic priorities of discovering and advancing innovative medicines, developing branded biosimilars, expanding our global geographic reach, deploying next-generation biomanufacturing facilities, improving drug delivery systems, adhering to a disciplined approach to capital allocation while investing for long-term growth, and transforming Amgen for the future. In 2017, we advanced each of these activities as discussed below and detailed in our 2018 proxy statement.

We **progressed important product candidates in all six of our therapeutic areas** and delivered on our annual priorities to execute critical product launches and long-term commercial objectives.

Our deep experience in biologics development and capabilities in biotechnology manufacturing positions us for success in the emerging biosimilars market and, in 2017, we significantly **advanced our biosimilars portfolio**.

We **secured 80 country/product launches** of new medicines in new indications around the world and our medicines are now available to patients in approximately 100 countries worldwide.

We **invested in next-generation biomanufacturing** that dramatically reduces the scale, costs and environmental impact of making biologics while maintaining a reliable, high-quality, compliant supply of medicines.

We have built leading **patient- and provider-friendly device capabilities** to enhance patient experience and to differentiate our products.

We continue to improve our business and operating model through significant transformation and process improvement efforts. Between 2014 and 2017, we have realized **approximately \$1.5 billion of transformation and process improvement savings** that were reinvested in product launches, clinical programs and external business development.

Item 3: Our Board recommends FOR the ratification of the selection of Ernst & Young LLP as our independent registered public accountants.

Our Audit Committee periodically considers whether there should be a rotation of our independent registered public accountants. Each year, the Audit Committee evaluates the performance of the independent registered public accountants and determines after such evaluation whether to re-engage the current independent registered public accountants.

Item 4: Our Board recommends AGAINST the stockholder proposal.

We are opposing the stockholder proposal for an annual report on the extent to which risks related to public concern over drug pricing strategies are integrated into our executive incentive compensation for the following reasons:

We already provide public disclosure regarding the factors that are integrated into our incentive compensation policies and the risk related to compensation.

Our proxy statement includes detailed disclosures of each of the metrics for our annual cash incentive awards and our performance award program goals as well as the rationale for the selection of such metrics and goals (please see pages 51, 53, and 56 for examples).

We have been clear in our disclosure to investors as to the challenge to our business [of] continued pressure by third party payors to reduce healthcare expenditures. (2017 Annual Report on Form 10-K.) As such, our annual reports on Form 10-K have explained that our competitive position may be impacted by price and reimbursement, among other factors, and identify the risks that we could face. Further, we routinely discuss pricing trends. For example, in our Management Discussion and Analysis section of our 2016 Annual Report on Form 10-K, we communicated with our investors that, for our product Enbrel®, [i]n 2017, we expect intensifying competition and relatively little benefit from net selling price changes.

As set forth in our proxy disclosure, our Board is informed and engaged in overseeing enterprise level risks. With respect to the risks articulated by the proponent, our Board has a standing Corporate Responsibility and Compliance Committee of independent directors to oversee non-financial compliance risk that specifically includes oversight of risks associated with pricing and access. Our Board discusses enterprise risks with the Company's senior management multiple times during the year, including the specific areas of pricing, value and access and sales. All members of our Compensation Committee participate in such oversight and discussion and bring such awareness and understanding to their evaluation of executive compensation program design and results.

Further, we conduct an annual assessment of our compensation policies and practices for all staff members, including our NEOs, with the Compensation Committee's independent compensation consultant, Frederic W. Cook & Co. The results of this assessment are reviewed and discussed with the Compensation Committee. Based on this assessment, we do not believe that our compensation policies and practices present risks that are reasonably likely to have a material adverse effect on us.

The **proposal's underlying subject matter is our drug pricing and capital allocation decisions**. Such decisions are integral to our ordinary course operations and the proposed report would put us at a competitive disadvantage and be unduly burdensome while not providing meaningful additional information to stockholders.

We remain focused on **delivering breakthrough treatments** for unmet medical needs and are committed to working with the entire healthcare community to ensure continued innovation and enable **patient access** to needed medicines. We do this by:

Investing billions of dollars annually in research and development;

Developing more affordable therapeutic choices in the form of high-quality and reliably supplied biosimilars;

Pricing our medicines to reflect the value they provide;

Partnering with payers to share risk and accountability for health outcomes;

Providing patient support and education programs and helping patients in financial need access our medicines; and

Working with policymakers, patients and other stakeholders to establish a sustainable healthcare system with access to affordable care and in which patients and their healthcare professionals are the primary decision makers.