

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

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Revenues:				
Product sales.....	\$ 5,516	\$ 5,516	\$ 16,229	\$ 15,615
Other revenues.....	295	207	797	511
Total revenues.....	<u>5,811</u>	<u>5,723</u>	<u>17,026</u>	<u>16,126</u>
Operating expenses:				
Cost of sales.....	1,027	1,034	3,095	3,156
Research and development.....	990	1,119	2,762	2,977
Selling, general and administrative.....	1,244	1,244	3,739	3,430
Other.....	23	(13)	121	126
Total operating expenses.....	<u>3,284</u>	<u>3,384</u>	<u>9,717</u>	<u>9,689</u>
Operating income.....	2,527	2,339	7,309	6,437
Interest expense, net.....	325	282	932	811
Interest and other income, net.....	<u>216</u>	<u>135</u>	<u>503</u>	<u>439</u>
Income before income taxes.....	2,418	2,192	6,880	6,065
Provision for income taxes.....	<u>401</u>	<u>329</u>	<u>1,093</u>	<u>926</u>
Net income.....	<u>\$ 2,017</u>	<u>\$ 1,863</u>	<u>\$ 5,787</u>	<u>\$ 5,139</u>
Earnings per share:				
Basic.....	\$ 2.70	\$ 2.46	\$ 7.70	\$ 6.76
Diluted.....	\$ 2.68	\$ 2.44	\$ 7.63	\$ 6.70
Weighted average shares used in calculation of earnings per share:				
Basic.....	747	757	752	760
Diluted.....	753	764	758	767

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

	<b>September 30, 2016</b>	<b>December 31, 2015</b>
<b>Assets</b>		
Current assets:		
Cash, cash equivalents and marketable securities.....	\$ 37,980	\$ 31,382
Trade receivables, net.....	3,186	2,995
Inventories.....	2,681	2,435
Other current assets.....	1,997	1,703
Total current assets.....	<u>45,844</u>	<u>38,515</u>
Property, plant and equipment, net.....	4,912	4,907
Intangible assets, net.....	10,690	11,641
Goodwill.....	14,802	14,787
Other assets.....	1,902	1,599
Total assets.....	<u>\$ 78,150</u>	<u>\$ 71,449</u>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable and accrued liabilities.....	\$ 5,745	\$ 6,417
Current portion of long-term debt.....	4,797	2,247
Total current liabilities.....	<u>10,542</u>	<u>8,664</u>
Long-term debt.....	30,526	29,182
Long-term deferred tax liability.....	2,412	2,239
Other noncurrent liabilities.....	3,897	3,281
Stockholders' equity.....	30,773	28,083
Total liabilities and stockholders' equity.....	<u>\$ 78,150</u>	<u>\$ 71,449</u>
Shares outstanding.....	745	754

Amgen Inc.  
**GAAP to Non-GAAP Reconciliations**  
(In millions)  
(Unaudited)

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2016	2015	2016	2015
<b>GAAP cost of sales</b>	\$ 1,027	\$ 1,034	\$ 3,095	\$ 3,156
<b>Adjustments to cost of sales:</b>				
Acquisition-related expenses (a)	(311)	(276)	(934)	(845)
Certain net charges pursuant to our restructuring initiative	(1)	(13)	(1)	(42)
<b>Total adjustments to cost of sales</b>	<u>(312)</u>	<u>(289)</u>	<u>(935)</u>	<u>(887)</u>
<b>Non-GAAP cost of sales</b>	<u>\$ 715</u>	<u>\$ 745</u>	<u>\$ 2,160</u>	<u>\$ 2,269</u>
<b>GAAP cost of sales as a percentage of product sales</b>	18.6%	18.7%	19.1%	20.2%
Acquisition-related expenses (a)	-5.6	-5.0	-5.8	-5.4
Certain net charges pursuant to our restructuring initiative	0.0	-0.2	0.0	-0.3
<b>Non-GAAP cost of sales as a percentage of product sales</b>	<u>13.0%</u>	<u>13.5%</u>	<u>13.3%</u>	<u>14.5%</u>
<b>GAAP research and development expenses</b>	\$ 990	\$ 1,119	\$ 2,762	\$ 2,977
<b>Adjustments to research and development expenses:</b>				
Acquisition-related expenses (a)	(20)	(20)	(58)	(69)
Certain net charges pursuant to our restructuring initiative	(7)	(13)	(5)	(48)
<b>Total adjustments to research and development expenses</b>	<u>(27)</u>	<u>(33)</u>	<u>(63)</u>	<u>(117)</u>
<b>Non-GAAP research and development expenses</b>	<u>\$ 963</u>	<u>\$ 1,086</u>	<u>\$ 2,699</u>	<u>\$ 2,860</u>
<b>GAAP research and development expenses as a percentage of product sales</b>	17.9%	20.3%	17.0%	19.1%
Acquisition-related expenses (a)	-0.4	-0.4	-0.4	-0.4
Certain net charges pursuant to our restructuring initiative	0.0	-0.2	0.0	-0.4
<b>Non-GAAP research and development expenses as a percentage of product sales</b>	<u>17.5%</u>	<u>19.7%</u>	<u>16.6%</u>	<u>18.3%</u>
<b>GAAP selling, general and administrative expenses</b>	\$ 1,244	\$ 1,244	\$ 3,739	\$ 3,430
<b>Adjustments to selling, general and administrative expenses:</b>				
Acquisition-related expenses (b)	(26)	(27)	(154)	(84)
Certain net charges pursuant to our restructuring initiative	(1)	(11)	(5)	(35)
<b>Total adjustments to selling, general and administrative expenses</b>	<u>(27)</u>	<u>(38)</u>	<u>(159)</u>	<u>(119)</u>
<b>Non-GAAP selling, general and administrative expenses</b>	<u>\$ 1,217</u>	<u>\$ 1,206</u>	<u>\$ 3,580</u>	<u>\$ 3,311</u>
<b>GAAP selling, general and administrative expenses as a percentage of product sales</b>	22.6%	22.6%	23.0%	22.0%
Acquisition-related expenses (b)	-0.5	-0.5	-0.9	-0.5
Certain net charges pursuant to our restructuring initiative	0.0	-0.2	0.0	-0.3
<b>Non-GAAP selling, general and administrative expenses as a percentage of product sales</b>	<u>22.1%</u>	<u>21.9%</u>	<u>22.1%</u>	<u>21.2%</u>
<b>GAAP operating expenses</b>	\$ 3,284	\$ 3,384	\$ 9,717	\$ 9,689
<b>Adjustments to operating expenses:</b>				
Adjustments to cost of sales	(312)	(289)	(935)	(887)
Adjustments to research and development expenses	(27)	(33)	(63)	(117)
Adjustments to selling, general and administrative expenses	(27)	(38)	(159)	(119)
Certain net charges pursuant to our restructuring initiative (c)	(5)	26	(15)	(41)
Expense related to various legal proceedings	-	(2)	(105)	(73)
Acquisition-related adjustments (d)	(18)	(11)	(1)	(12)
<b>Total adjustments to operating expenses</b>	<u>(389)</u>	<u>(347)</u>	<u>(1,278)</u>	<u>(1,249)</u>
<b>Non-GAAP operating expenses</b>	<u>\$ 2,895</u>	<u>\$ 3,037</u>	<u>\$ 8,439</u>	<u>\$ 8,440</u>
<b>GAAP operating income</b>	\$ 2,527	\$ 2,339	\$ 7,309	\$ 6,437
Adjustments to operating expenses	389	347	1,278	1,249
<b>Non-GAAP operating income</b>	<u>\$ 2,916</u>	<u>\$ 2,686</u>	<u>\$ 8,587</u>	<u>\$ 7,686</u>
<b>GAAP operating income as a percentage of product sales</b>	45.8%	42.4%	45.0%	41.2%
Adjustments to cost of sales	5.6	5.2	5.8	5.7
Adjustments to research and development expenses	0.4	0.6	0.4	0.8
Adjustments to selling, general and administrative expenses	0.5	0.7	0.9	0.8
Certain net charges pursuant to our restructuring initiative (c)	0.2	-0.5	0.1	0.2
Expense related to various legal proceedings	0.0	0.1	0.6	0.5
Acquisition-related adjustments (d)	0.4	0.2	0.1	0.0
<b>Non-GAAP operating income as a percentage of product sales</b>	<u>52.9%</u>	<u>48.7%</u>	<u>52.9%</u>	<u>49.2%</u>
<b>GAAP income before income taxes</b>	\$ 2,418	\$ 2,192	\$ 6,880	\$ 6,065
Adjustments to operating expenses	389	347	1,278	1,249
<b>Non-GAAP income before income taxes</b>	<u>\$ 2,807</u>	<u>\$ 2,539</u>	<u>\$ 8,158</u>	<u>\$ 7,314</u>
<b>GAAP provision for income taxes</b>	\$ 401	\$ 329	\$ 1,093	\$ 926
<b>Adjustments to provision for income taxes:</b>				
Income tax effect of the above adjustments to operating expenses (e)	127	114	412	404
Other income tax adjustments (f)	3	15	28	15
<b>Total adjustments to provision for income taxes</b>	<u>130</u>	<u>129</u>	<u>440</u>	<u>419</u>
<b>Non-GAAP provision for income taxes</b>	<u>\$ 531</u>	<u>\$ 458</u>	<u>\$ 1,533</u>	<u>\$ 1,345</u>
<b>GAAP tax rate as a percentage of income before taxes</b>	16.6%	15.0%	15.9%	15.3%
Adjustments to provision for income taxes:				
Income tax effect of the above adjustments to operating expenses (e)	2.2	2.4	2.6	2.9
Other income tax adjustments (f)	0.1	0.6	0.3	0.2
<b>Total adjustments to provision for income taxes</b>	<u>2.3</u>	<u>3.0</u>	<u>2.9</u>	<u>3.1</u>
<b>Non-GAAP tax rate as a percentage of income before taxes</b>	<u>18.9%</u>	<u>18.0%</u>	<u>18.8%</u>	<u>18.4%</u>
<b>GAAP net income</b>	\$ 2,017	\$ 1,863	\$ 5,787	\$ 5,139
<b>Adjustments to net income:</b>				
Adjustments to income before income taxes, net of the income tax effect	262	233	866	845
Other income tax adjustments (f)	(3)	(15)	(28)	(15)
<b>Total adjustments to net income</b>	<u>259</u>	<u>218</u>	<u>838</u>	<u>830</u>
<b>Non-GAAP net income</b>	<u>\$ 2,276</u>	<u>\$ 2,081</u>	<u>\$ 6,625</u>	<u>\$ 5,969</u>

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

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

	<b>Three months ended September 30, 2016</b>		<b>Three months ended September 30, 2015</b>	
	<b>GAAP</b>	<b>Non-GAAP</b>	<b>GAAP</b>	<b>Non-GAAP</b>
Net income.....	\$ 2,017	\$ 2,276	\$ 1,863	\$ 2,081
Weighted-average shares for diluted EPS.....	753	753	764	764
Diluted EPS.....	<u>\$ 2.68</u>	<u>\$ 3.02</u>	<u>\$ 2.44</u>	<u>\$ 2.72</u>
	<b>GAAP</b>		<b>Non-GAAP</b>	
	<b>September 30, 2016</b>		<b>September 30, 2015</b>	
	<b>GAAP</b>	<b>Non-GAAP</b>	<b>GAAP</b>	<b>Non-GAAP</b>
Net income.....	\$ 5,787	\$ 6,625	\$ 5,139	\$ 5,969
Weighted-average shares for diluted EPS.....	758	758	767	767
Diluted EPS.....	<u>\$ 7.63</u>	<u>\$ 8.74</u>	<u>\$ 6.70</u>	<u>\$ 7.78</u>

- (a) The adjustments related primarily to non-cash amortization of intangible assets acquired in business combinations.
- (b) For the three and nine months ended September 30, 2016 and 2015, the adjustments related primarily to non-cash amortization of intangible assets acquired in business combinations. For the nine months ended September 30, 2016, the adjustments also included a \$73-million charge resulting from the reacquisition of Prolia<sup>®</sup>, XGEVA<sup>®</sup> and Vectibix<sup>®</sup> license agreements in certain markets from Glaxo Group Limited.
- (c) For the three and nine months ended September 30, 2016, the adjustments related primarily to asset impairments from our site closures. For the three months ended September 30, 2015, the adjustments related primarily to the recognition of a gain from the sale of assets related to our site closures. For the nine months ended September 30, 2015, the adjustments related primarily to severance expenses offset by the gain from the sale of assets related to our site closures.
- (d) The adjustments related primarily to the impairment of non-key contract assets acquired as part of a business combination and the change in fair values of contingent consideration.
- (e) The tax effect of the adjustments between our GAAP and non-GAAP results takes into account the tax treatment and related tax rate(s) that apply to each adjustment in the applicable tax jurisdiction(s). Generally, this results in a tax impact at the U.S. marginal tax rate for certain adjustments, including the majority of amortization of intangible assets, whereas the tax impact of other adjustments, including restructuring expense, depends on whether the amounts are deductible in the respective tax jurisdictions and the applicable tax rate(s) in those jurisdictions. Due to these factors, the effective tax rates for the adjustments to our GAAP income before income taxes, for the three and nine months ended September 30, 2016, were 32.6% and 32.2%, respectively, compared with 32.9% and 32.3% for the corresponding periods of the prior year.
- (f) The adjustments related to certain prior period items excluded from non-GAAP earnings. The 2016 adjustments related primarily to the impact from the adoption of Accounting Standards Update 2016-09, *Improvements to Employee Share-Based Payment Accounting*, related to stock options that were previously excluded from non-GAAP measures. The 2015 adjustments related primarily to the impact from a change in interpretation of tax law.

**Amgen Inc.**

**Reconciliations of Cash Flows**

(In millions)

(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Net cash provided by operating activities.....	\$ 2,662	\$ 2,892 (a)	\$ 7,254	\$ 7,658 (a)
Net cash used in investing activities .....	(2,389)	(2,003)	(7,436)	(5,314)
Net cash provided by (used in) financing activities.....	582	(1,458)	(477)	(2,849)
Increase (Decrease) in cash and cash equivalents.....	855	(569)	(659)	(505)
Cash and cash equivalents at beginning of period.....	2,630	3,795	4,144	3,731
Cash and cash equivalents at end of period.....	\$ 3,485	\$ 3,226	\$ 3,485	\$ 3,226

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Net cash provided by operating activities.....	\$ 2,662	\$ 2,892 (a)	\$ 7,254	\$ 7,658 (a)
Capital expenditures.....	(167)	(138)	(511)	(389)
Free cash flow.....	\$ 2,495	\$ 2,754	\$ 6,743	\$ 7,269

(a) Restated to include \$18 million and \$641 million for the three and nine months ended September 30, 2015, respectively, which was previously included in Net cash provided by (used in) financing activities, as a result of the adoption of Accounting Standards Update 2016-09, *Improvements to Employee Share-Based Payment Accounting*, related to stock options that were previously excluded from non-GAAP measures.

**Reconciliation of GAAP EPS Guidance to Non-GAAP**

**EPS Guidance for the Year Ending December 31, 2016**

(Unaudited)

GAAP diluted EPS guidance..... \$ 9.94 - \$ 10.11

**Known adjustments to arrive at non-GAAP\*:**

Acquisition-related expenses..... (a)	1.34	
Restructuring charges.....	0.05	0.07
Legal proceeding charge.....	0.09	
Tax adjustments..... (b)	(0.04)	

Non-GAAP diluted EPS guidance ..... \$ 11.40 - \$ 11.55

\* The known adjustments are presented net of their related tax impact which amount to approximately \$0.72 to \$0.73 per share, in the aggregate.

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

(b) The adjustments relate to certain prior period items excluded from non-GAAP earnings.

**Reconciliation of GAAP Tax Rate Guidance to Non-GAAP**

**Tax Rate Guidance for the Year Ending December 31, 2016**

(Unaudited)

	2016	
GAAP tax rate guidance.....	16.5%	17.5%
Tax rate effect of known adjustments discussed above.....	2.5%	
Non-GAAP tax rate guidance .....	19.0%	20.0%