

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

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
Revenues:				
Product sales.....	\$ 5,574	\$ 5,474	\$ 10,773	\$ 10,713
Other revenues.....	236	214	501	502
Total revenues.....	<u>5,810</u>	<u>5,688</u>	<u>11,274</u>	<u>11,215</u>
Operating expenses:				
Cost of sales.....	1,024	1,050	2,020	2,068
Research and development.....	873	900	1,642	1,772
Selling, general and administrative.....	1,209	1,292	2,273	2,495
Other.....	6	66	50	98
Total operating expenses.....	<u>3,112</u>	<u>3,308</u>	<u>5,985</u>	<u>6,433</u>
Operating income.....	2,698	2,380	5,289	4,782
Interest expense, net.....	321	313	647	607
Interest and other income, net.....	<u>165</u>	<u>137</u>	<u>360</u>	<u>287</u>
Income before income taxes.....	2,542	2,204	5,002	4,462
Provision for income taxes.....	<u>391</u>	<u>334</u>	<u>780</u>	<u>692</u>
Net income.....	<u>\$ 2,151</u>	<u>\$ 1,870</u>	<u>\$ 4,222</u>	<u>\$ 3,770</u>
Earnings per share:				
Basic.....	\$ 2.93	\$ 2.49	\$ 5.74	\$ 5.01
Diluted.....	\$ 2.91	\$ 2.47	\$ 5.71	\$ 4.97
Weighted average shares used in calculation of earnings per share:				
Basic.....	734	751	736	753
Diluted.....	738	756	740	759

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

	<b>June 30, 2017</b>	<b>December 31, 2016</b>
<b>Assets</b>		
Current assets:		
Cash, cash equivalents and marketable securities.....	\$ 39,227	\$ 38,085
Trade receivables, net.....	3,560	3,165
Inventories.....	2,961	2,745
Other current assets.....	2,694	2,015
Total current assets.....	48,442	46,010
Property, plant and equipment, net.....	4,980	4,961
Intangible assets, net.....	9,561	10,279
Goodwill.....	14,766	14,751
Other assets.....	1,838	1,625
Total assets.....	<u>\$ 79,587</u>	<u>\$ 77,626</u>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable and accrued liabilities.....	\$ 6,356	\$ 6,801
Short-term borrowings and current portion of long-term debt.....	1,459	4,403
Total current liabilities.....	7,815	11,204
Long-term debt.....	33,603	30,193
Long-term deferred tax liabilities.....	2,299	2,436
Long-term tax liabilities.....	2,605	2,419
Other noncurrent liabilities.....	1,543	1,499
Stockholders' equity.....	31,722	29,875
Total liabilities and stockholders' equity.....	<u>\$ 79,587</u>	<u>\$ 77,626</u>
Shares outstanding.....	731	738

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

	Three months ended		Six months ended	
	June 30,		June 30,	
	2017	2016	2017	2016
<b>GAAP cost of sales</b>	\$ 1,024	\$ 1,050	\$ 2,020	\$ 2,068
<b>Adjustments to cost of sales:</b>				
Acquisition-related expenses (a)	(314)	(312)	(628)	(623)
<b>Total adjustments to cost of sales</b>	(314)	(312)	(628)	(623)
<b>Non-GAAP cost of sales</b>	\$ 710	\$ 738	\$ 1,392	\$ 1,445
<b>GAAP cost of sales as a percentage of product sales</b>	18.4%	19.2%	18.8%	19.3%
Acquisition-related expenses (a)	-5.7	-5.7	-5.9	-5.8
<b>Non-GAAP cost of sales as a percentage of product sales</b>	12.7%	13.5%	12.9%	13.5%
<b>GAAP research and development expenses</b>	\$ 873	\$ 900	\$ 1,642	\$ 1,772
<b>Adjustments to research and development expenses:</b>				
Acquisition-related expenses (a)	(19)	(19)	(38)	(38)
Certain net charges pursuant to our restructuring initiative	(3)	(3)	(5)	2
<b>Total adjustments to research and development expenses</b>	(22)	(22)	(43)	(36)
<b>Non-GAAP research and development expenses</b>	\$ 851	\$ 878	\$ 1,599	\$ 1,736
<b>GAAP research and development expenses as a percentage of product sales</b>	15.7%	16.4%	15.2%	16.5%
Acquisition-related expenses (a)	-0.3	-0.3	-0.3	-0.3
Certain net charges pursuant to our restructuring initiative	-0.1	-0.1	-0.1	0.0
<b>Non-GAAP research and development expenses as a percentage of product sales</b>	15.3%	16.0%	14.8%	16.2%
<b>GAAP selling, general and administrative expenses</b>	\$ 1,209	\$ 1,292	\$ 2,273	\$ 2,495
<b>Adjustments to selling, general and administrative expenses:</b>				
Acquisition-related expenses (b)	(32)	(27)	(57)	(128)
Certain net charges pursuant to our restructuring initiative	-	(5)	-	(4)
Other	(3)	-	(3)	-
<b>Total adjustments to selling, general and administrative expenses</b>	(35)	(32)	(60)	(132)
<b>Non-GAAP selling, general and administrative expenses</b>	\$ 1,174	\$ 1,260	\$ 2,213	\$ 2,363
<b>GAAP selling, general and administrative expenses as a percentage of product sales</b>	21.7%	23.6%	21.1%	23.3%
Acquisition-related expenses (b)	-0.5	-0.5	-0.6	-1.2
Certain net charges pursuant to our restructuring initiative	0.0	-0.1	0.0	0.0
Other	-0.1	0.0	0.0	0.0
<b>Non-GAAP selling, general and administrative expenses as a percentage of product sales</b>	21.1%	23.0%	20.5%	22.1%
<b>GAAP operating expenses</b>	\$ 3,112	\$ 3,308	\$ 5,985	\$ 6,433
<b>Adjustments to operating expenses:</b>				
Adjustments to cost of sales	(314)	(312)	(628)	(623)
Adjustments to research and development expenses	(22)	(22)	(43)	(36)
Adjustments to selling, general and administrative expenses	(35)	(32)	(60)	(132)
Certain net charges pursuant to our restructuring initiative (c)	(9)	(8)	(46)	(10)
Expense related to various legal proceedings	-	(78)	-	(105)
Acquisition-related adjustments	3	20	(4)	17
<b>Total adjustments to operating expenses</b>	(377)	(432)	(781)	(889)
<b>Non-GAAP operating expenses</b>	\$ 2,735	\$ 2,876	\$ 5,204	\$ 5,544
<b>GAAP operating income</b>	\$ 2,698	\$ 2,380	\$ 5,289	\$ 4,782
Adjustments to operating expenses	377	432	781	889
<b>Non-GAAP operating income</b>	\$ 3,075	\$ 2,812	\$ 6,070	\$ 5,671
<b>GAAP operating income as a percentage of product sales</b>	48.4%	43.5%	49.1%	44.6%
Adjustments to cost of sales	5.7	5.7	5.9	5.8
Adjustments to research and development expenses	0.4	0.4	0.4	0.3
Adjustments to selling, general and administrative expenses	0.6	0.6	0.6	1.2
Certain net charges pursuant to our restructuring initiative (c)	0.2	0.2	0.3	0.2
Expense related to various legal proceedings	0.0	1.4	0.0	1.0
Acquisition-related adjustments	-0.1	-0.4	0.0	-0.2
<b>Non-GAAP operating income as a percentage of product sales</b>	55.2%	51.4%	56.3%	52.9%
<b>GAAP income before income taxes</b>	\$ 2,542	\$ 2,204	\$ 5,002	\$ 4,462
Adjustments to operating expenses	377	432	781	889
<b>Non-GAAP income before income taxes</b>	\$ 2,919	\$ 2,636	\$ 5,783	\$ 5,351
<b>GAAP provision for income taxes</b>	\$ 391	\$ 334	\$ 780	\$ 692
<b>Adjustments to provision for income taxes:</b>				
Income tax effect of the above adjustments to operating expenses (d)	117	146	236	285
Other income tax adjustments (e)	1	10	24	25
<b>Total adjustments to provision for income taxes</b>	118	156	260	310
<b>Non-GAAP provision for income taxes</b>	\$ 509	\$ 490	\$ 1,040	\$ 1,002
<b>GAAP tax rate as a percentage of income before taxes</b>	15.4%	15.2%	15.6%	15.5%
<b>Adjustments to provision for income taxes:</b>				
Income tax effect of the above adjustments to operating expenses (d)	2.0	3.0	2.0	2.7
Other income tax adjustments (e)	0.0	0.4	0.4	0.5
<b>Total adjustments to provision for income taxes</b>	2.0	3.4	2.4	3.2
<b>Non-GAAP tax rate as a percentage of income before taxes</b>	17.4%	18.6%	18.0%	18.7%
<b>GAAP net income</b>	\$ 2,151	\$ 1,870	\$ 4,222	\$ 3,770
<b>Adjustments to net income:</b>				
Adjustments to income before income taxes, net of the income tax effect	260	286	545	604
Other income tax adjustments (e)	(1)	(10)	(24)	(25)
<b>Total adjustments to net income</b>	259	276	521	579
<b>Non-GAAP net income</b>	\$ 2,410	\$ 2,146	\$ 4,743	\$ 4,349

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

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

	Three months ended June 30, 2017		Three months ended June 30, 2016	
	GAAP	Non-GAAP	GAAP	Non-GAAP
Net income.....	\$ 2,151	\$ 2,410	\$ 1,870	\$ 2,146
Weighted-average shares for diluted EPS.....	738	738	756	756
Diluted EPS.....	<u>\$ 2.91</u>	<u>\$ 3.27</u>	<u>\$ 2.47</u>	<u>\$ 2.84</u>
	Six months ended June 30, 2017		Six months ended June 30, 2016	
	GAAP	Non-GAAP	GAAP	Non-GAAP
Net income.....	\$ 4,222	\$ 4,743	\$ 3,770	\$ 4,349
Weighted-average shares for diluted EPS.....	740	740	759	759
Diluted EPS.....	<u>\$ 5.71</u>	<u>\$ 6.41</u>	<u>\$ 4.97</u>	<u>\$ 5.73</u>

- (a) The adjustments related primarily to non-cash amortization of intangible assets acquired in business combinations.
- (b) For the three and six months ended June 30, 2017, as well as the three months ended June 30, 2016, the adjustments related primarily to non-cash amortization of intangible assets acquired in business combinations. For the six months ended June 30, 2016, the adjustments related primarily to 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, as well as non-cash amortization of intangible assets acquired in business combinations.
- (c) For the six months ended June 30, 2017, the adjustments related primarily to severance expenses associated with our restructuring initiative.
- (d) The tax effect of the adjustments between our GAAP and non-GAAP results takes into account the tax treatment and related tax rate(s) that apply to each adjustment in the applicable tax jurisdiction(s). Generally, this results in a tax impact at the U.S. marginal tax rate for certain adjustments, including the majority of amortization of intangible assets, whereas the tax impact of other adjustments, including restructuring expense, depends on whether the amounts are deductible in the respective tax jurisdictions and the applicable tax rate(s) in those jurisdictions. Due to these factors, the effective tax rates for the adjustments to our GAAP income before income taxes, for the three and six months ended June 30, 2017, were 31.0% and 30.2%, respectively, compared with 33.8% and 32.1% for the corresponding periods of the prior year.
- (e) The adjustments related to certain acquisition items and prior period items excluded from GAAP earnings.

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

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
Net cash provided by operating activities.....	\$ 2,326	\$ 2,677	\$ 4,711	\$ 4,592
Net cash used in investing activities .....	(1,813)	(657)	(1,970)	(5,047)
Net cash used in financing activities.....	(1,242)	(2,286)	(3,353)	(1,059)
Decrease in cash and cash equivalents.....	(729)	(266)	(612)	(1,514)
Cash and cash equivalents at beginning of period.....	3,358	2,896	3,241	4,144
Cash and cash equivalents at end of period.....	<u>\$ 2,629</u>	<u>\$ 2,630</u>	<u>\$ 2,629</u>	<u>\$ 2,630</u>

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
Net cash provided by operating activities.....	\$ 2,326	\$ 2,677	\$ 4,711	\$ 4,592
Capital expenditures.....	(185)	(188)	(353)	(344)
Free cash flow.....	<u>\$ 2,141</u>	<u>\$ 2,489</u>	<u>\$ 4,358</u>	<u>\$ 4,248</u>

**Reconciliation of GAAP EPS Guidance to Non-GAAP  
EPS Guidance for the Year Ending December 31, 2017  
(Unaudited)**

<b>GAAP diluted EPS guidance</b> .....	\$	10.79	-	\$	11.37
<b>Known adjustments to arrive at non-GAAP*:</b>					
Acquisition-related expenses..... (a)			1.24		
Restructuring charges.....		0.07	-		0.15
Tax adjustments..... (b)			(0.03)		
<b>Non-GAAP diluted EPS guidance</b> .....	<u>\$</u>	<u>12.15</u>	<u>-</u>	<u>\$</u>	<u>12.65</u>

\* The known adjustments are presented net of their related tax impact which amount to approximately \$0.60 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 GAAP earnings.

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

**Reconciliation of GAAP Tax Rate Guidance to Non-GAAP  
Tax Rate Guidance for the Year Ending December 31, 2017  
(Unaudited)**

	<u>2017</u>		
<b>GAAP tax rate guidance</b> .....	16.0%	-	18.0%
Tax rate effect of known adjustments discussed above.....	1.5%	-	2.5%
<b>Non-GAAP tax rate guidance</b> .....	<u>18.5%</u>	<u>-</u>	<u>19.5%</u>

**Amgen Inc.****International Sales Performance Adjusted for Foreign Exchange**

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