

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

	Three months ended		Years ended	
	December 31,		December 31,	
	2017	2016	2017	2016
Revenues:				
Product sales.....	\$ 5,569	\$ 5,663	\$ 21,795	\$ 21,892
Other revenues.....	233	302	1,054	1,099
Total revenues.....	<u>5,802</u>	<u>5,965</u>	<u>22,849</u>	<u>22,991</u>
Operating expenses:				
Cost of sales.....	1,059	1,067	4,069	4,162
Research and development.....	1,043	1,078	3,562	3,840
Selling, general and administrative.....	1,427	1,323	4,870	5,062
Other.....	28	12	375	133
Total operating expenses.....	<u>3,557</u>	<u>3,480</u>	<u>12,876</u>	<u>13,197</u>
Operating income.....	2,245	2,485	9,973	9,794
Interest expense, net.....	332	328	1,304	1,260
Interest and other income, net.....	<u>301</u>	<u>126</u>	<u>928</u>	<u>629</u>
Income before income taxes.....	2,214	2,283	9,597	9,163
Provision for income taxes.....	<u>6,478</u>	<u>348</u>	<u>7,618</u>	<u>1,441</u>
Net (loss) income.....	<u>\$ (4,264)</u>	<u>\$ 1,935</u>	<u>\$ 1,979</u>	<u>\$ 7,722</u>
(Loss) earnings per share:				
Basic.....	\$ (5.89)	\$ 2.61	\$ 2.71	\$ 10.32
Diluted.....	\$ (5.89)	\$ 2.59	\$ 2.69	\$ 10.24
Weighted average shares used in calculation of (loss) earnings per share:				
Basic.....	724	742	731	748
Diluted.....	724	748	735	754

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

	<b>December 31,</b>	
	<b>2017</b>	<b>2016</b>
<b>Assets</b>		
Current assets:		
Cash, cash equivalents and marketable securities.....	\$ 41,678	\$ 38,085
Trade receivables, net.....	3,237	3,165
Inventories.....	2,834	2,745
Other current assets.....	1,727	2,015
Total current assets.....	<u>49,476</u>	<u>46,010</u>
Property, plant and equipment, net.....	4,989	4,961
Intangible assets, net.....	8,609	10,279
Goodwill.....	14,761	14,751
Other assets.....	2,119	1,625
Total assets.....	<u>\$ 79,954</u>	<u>\$ 77,626</u>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable and accrued liabilities.....	\$ 7,868	\$ 6,801
Short-term borrowings and current portion of long-term debt.....	1,152	4,403
Total current liabilities.....	<u>9,020</u>	<u>11,204</u>
Long-term debt.....	34,190	30,193
Long-term deferred tax liabilities.....	1,166	2,436
Long-term tax liabilities.....	9,099	2,419
Other noncurrent liabilities.....	1,238	1,499
Stockholders' equity.....	25,241	29,875
Total liabilities and stockholders' equity.....	<u>\$ 79,954</u>	<u>\$ 77,626</u>
Shares outstanding.....	722	738

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

	Three months ended December 31,		Years ended December 31,	
	2017	2016	2017	2016
<b>GAAP cost of sales</b>	\$ 1,059	\$ 1,067	\$ 4,069	\$ 4,162
<b>Adjustments to cost of sales:</b>				
Acquisition-related expenses (a)	(243)	(314)	(1,126)	(1,248)
Certain net charges pursuant to our restructuring initiative	-	-	-	(1)
<b>Total adjustments to cost of sales</b>	<u>(243)</u>	<u>(314)</u>	<u>(1,126)</u>	<u>(1,249)</u>
<b>Non-GAAP cost of sales</b>	<u>\$ 816</u>	<u>\$ 753</u>	<u>\$ 2,943</u>	<u>\$ 2,913</u>
<b>GAAP cost of sales as a percentage of product sales</b>	19.0%	18.8%	18.7%	19.0%
Acquisition-related expenses (a)	-4.3	-5.5	-5.2	-5.7
Certain net charges pursuant to our restructuring initiative	0.0	0.0	0.0	0.0
<b>Non-GAAP cost of sales as a percentage of product sales</b>	<u>14.7%</u>	<u>13.3%</u>	<u>13.5%</u>	<u>13.3%</u>
<b>GAAP research and development expenses</b>	\$ 1,043	\$ 1,078	\$ 3,562	\$ 3,840
<b>Adjustments to research and development expenses:</b>				
Acquisition-related expenses (a)	(20)	(20)	(77)	(78)
Certain net charges pursuant to our restructuring initiative	2	(2)	(3)	(7)
<b>Total adjustments to research and development expenses</b>	<u>(18)</u>	<u>(22)</u>	<u>(80)</u>	<u>(85)</u>
<b>Non-GAAP research and development expenses</b>	<u>\$ 1,025</u>	<u>\$ 1,056</u>	<u>\$ 3,482</u>	<u>\$ 3,755</u>
<b>GAAP research and development expenses as a percentage of product sales</b>	18.7%	19.0%	16.3%	17.5%
Acquisition-related expenses (a)	-0.3	-0.4	-0.3	-0.3
Certain net charges pursuant to our restructuring initiative	0.0	0.0	0.0	0.0
<b>Non-GAAP research and development expenses as a percentage of product sales</b>	<u>18.4%</u>	<u>18.6%</u>	<u>16.0%</u>	<u>17.2%</u>
<b>GAAP selling, general and administrative expenses</b>	\$ 1,427	\$ 1,323	\$ 4,870	\$ 5,062
<b>Adjustments to selling, general and administrative expenses:</b>				
Acquisition-related expenses (b)	(20)	(26)	(99)	(180)
Certain net charges pursuant to our restructuring initiative	(1)	-	(2)	(5)
Other	-	-	(3)	-
<b>Total adjustments to selling, general and administrative expenses</b>	<u>(21)</u>	<u>(26)</u>	<u>(104)</u>	<u>(185)</u>
<b>Non-GAAP selling, general and administrative expenses</b>	<u>\$ 1,406</u>	<u>\$ 1,297</u>	<u>\$ 4,766</u>	<u>\$ 4,877</u>
<b>GAAP selling, general and administrative expenses as a percentage of product sales</b>	25.6%	23.4%	22.3%	23.1%
Acquisition-related expenses (b)	-0.4	-0.5	-0.4	-0.8
Certain net charges pursuant to our restructuring initiative	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0
<b>Non-GAAP selling, general and administrative expenses as a percentage of product sales</b>	<u>25.2%</u>	<u>22.9%</u>	<u>21.9%</u>	<u>22.3%</u>
<b>GAAP operating expenses</b>	\$ 3,557	\$ 3,480	\$ 12,876	\$ 13,197
<b>Adjustments to operating expenses:</b>				
Adjustments to cost of sales	(243)	(314)	(1,126)	(1,249)
Adjustments to research and development expenses	(18)	(22)	(80)	(85)
Adjustments to selling, general and administrative expenses	(21)	(26)	(104)	(185)
Certain net charges pursuant to our restructuring initiative (c)	(27)	(9)	(83)	(24)
Acquisition-related adjustments (d)	(1)	(3)	(292)	(4)
Expense related to legal proceedings	-	-	-	(105)
<b>Total adjustments to operating expenses</b>	<u>(310)</u>	<u>(374)</u>	<u>(1,685)</u>	<u>(1,652)</u>
<b>Non-GAAP operating expenses</b>	<u>\$ 3,247</u>	<u>\$ 3,106</u>	<u>\$ 11,191</u>	<u>\$ 11,545</u>
<b>GAAP operating income</b>	\$ 2,245	\$ 2,485	\$ 9,973	\$ 9,794
Adjustments to operating expenses	310	374	1,685	1,652
<b>Non-GAAP operating income</b>	<u>\$ 2,555</u>	<u>\$ 2,859</u>	<u>\$ 11,658</u>	<u>\$ 11,446</u>
<b>GAAP operating income as a percentage of product sales</b>	40.3%	43.9%	45.8%	44.7%
Adjustments to cost of sales	4.3	5.5	5.2	5.7
Adjustments to research and development expenses	0.3	0.4	0.3	0.3
Adjustments to selling, general and administrative expenses	0.4	0.5	0.4	0.8
Certain net charges pursuant to our restructuring initiative (c)	0.6	0.2	0.4	0.2
Acquisition-related adjustments (d)	0.0	0.0	1.4	0.0
Expense related to legal proceedings	0.0	0.0	0.0	0.6
<b>Non-GAAP operating income as a percentage of product sales</b>	<u>45.9%</u>	<u>50.5%</u>	<u>53.5%</u>	<u>52.3%</u>
<b>GAAP income before income taxes</b>	\$ 2,214	\$ 2,283	\$ 9,597	\$ 9,163
Adjustments to operating expenses	310	374	1,685	1,652
<b>Non-GAAP income before income taxes</b>	<u>\$ 2,524</u>	<u>\$ 2,657</u>	<u>\$ 11,282</u>	<u>\$ 10,815</u>
<b>GAAP provision for income taxes</b>	\$ 6,478	\$ 348	\$ 7,618	\$ 1,441
<b>Adjustments to provision for income taxes:</b>				
Income tax effect of the above adjustments to operating expenses (e)	98	113	538	525
Other income tax adjustments (f)	(6,156)	36	(6,120)	64
<b>Total adjustments to provision for income taxes</b>	<u>(6,058)</u>	<u>149</u>	<u>(5,582)</u>	<u>589</u>
<b>Non-GAAP provision for income taxes</b>	<u>\$ 420</u>	<u>\$ 497</u>	<u>\$ 2,036</u>	<u>\$ 2,030</u>
<b>GAAP tax as a percentage of income before taxes</b>	292.6%	15.2%	79.4%	15.7%
<b>Adjustments to provision for income taxes:</b>				
Income tax effect of the above adjustments to operating expenses (e)	-32.1	2.1	-7.1	2.5
Other income tax adjustments (f)	-243.9	1.4	-54.3	0.6
<b>Total adjustments to provision for income taxes</b>	<u>-276.0</u>	<u>3.5</u>	<u>-61.4</u>	<u>3.1</u>
<b>Non-GAAP tax as a percentage of income before taxes</b>	<u>16.6%</u>	<u>18.7%</u>	<u>18.0%</u>	<u>18.8%</u>
<b>GAAP net (loss) income</b>	\$ (4,264)	\$ 1,935	\$ 1,979	\$ 7,722
<b>Adjustments to net (loss) income:</b>				
Adjustments to income before income taxes, net of the income tax effect	212	261	1,147	1,127
Other income tax adjustments (f)	6,156	(36)	6,120	(64)
<b>Total adjustments to net (loss) income</b>	<u>6,368</u>	<u>225</u>	<u>7,267</u>	<u>1,063</u>
<b>Non-GAAP net income</b>	<u>\$ 2,104</u>	<u>\$ 2,160</u>	<u>\$ 9,246</u>	<u>\$ 8,785</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.

	Three months ended December 31, 2017		Three months ended December 31, 2016	
	GAAP	Non-GAAP	GAAP	Non-GAAP
Net (loss) income.....	\$ (4,264)	\$ 2,104	\$ 1,935	\$ 2,160
Shares (Denominator)				
Weight-average shares for basic EPS	724	724	742	742
Effect of dilutive securities	-	5	6	6
Weighted-average shares for diluted EPS.....	724	729	748	748
Diluted (loss) earnings per share (g).....	\$ (5.89)	\$ 2.89	\$ 2.59	\$ 2.89
	Year ended December 31, 2017		Year ended December 31, 2016	
	GAAP	Non-GAAP	GAAP	Non-GAAP
Net income.....	\$ 1,979	\$ 9,246	\$ 7,722	\$ 8,785
Shares (Denominator)				
Weight-average shares for basic EPS	731	731	748	748
Effect of dilutive securities	4	4	6	6
Weighted-average shares for diluted EPS.....	735	735	754	754
Diluted EPS.....	\$ 2.69	\$ 12.58	\$ 10.24	\$ 11.65

- (a) The adjustments related primarily to non-cash amortization of intangible assets acquired in business combinations.
- (b) The adjustments related primarily to non-cash amortization of intangible assets acquired in business combinations. For the year ended December 31, 2016, the adjustment 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 months and year ended December 31, 2017, the adjustments related primarily to severance expenses associated with our restructuring initiative. For the three months and year ended December 31, 2016, the adjustments related primarily to asset-related charges associated with our site closures.
- (d) For the year ended December 31, 2017, the adjustment included net charges associated with the discontinuance of the internal development of AMG 899.
- (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 months and year ended December 31, 2017, were 31.6% and 31.9%, respectively, compared with 30.2% and 31.8% for the corresponding periods of the prior year.
- (f) For the three months and year ended December 31, 2017, the adjustments related primarily to the impact of U.S. Corporate tax reform, including the repatriation tax on accumulated foreign earnings and the remeasurement of certain net deferred and other tax liabilities. For the three months and year ended December 31, 2016, the adjustments related to certain acquisition items and prior period items excluded from GAAP earnings.
- (g) During periods of net loss, diluted loss per share is equal to basic loss per share as the anti-dilutive effect of potential common shares is disregarded.

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

	Three months ended December 31,		Years ended December 31,	
	2017	2016	2017	2016
Net cash provided by operating activities.....	\$ 3,012	\$ 3,100	\$ 11,177	\$ 10,354
Net cash used in investing activities .....	(78)	(1,222)	(4,024)	(8,658)
Net cash used in financing activities.....	(2,134)	(2,122)	(6,594)	(2,599)
Increase (decrease) in cash and cash equivalents.....	800	(244)	559	(903)
Cash and cash equivalents at beginning of period.....	3,000	3,485	3,241	4,144
Cash and cash equivalents at end of period.....	\$ 3,800	\$ 3,241	\$ 3,800	\$ 3,241

	Three months ended December 31,		Years ended December 31,	
	2017	2016	2017	2016
Net cash provided by operating activities.....	\$ 3,012	\$ 3,100	\$ 11,177	\$ 10,354
Capital expenditures.....	(153)	(227)	(664)	(738)
Free cash flow.....	\$ 2,859	\$ 2,873	\$ 10,513	\$ 9,616

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

<b>GAAP diluted EPS guidance</b> .....	\$	11.18	-	\$	12.36
<b>Known adjustments to arrive at non-GAAP*:</b>					
Acquisition-related expenses.....	(a)		1.31		
Restructuring charges.....		0.03	-		0.11
<b>Non-GAAP diluted EPS guidance</b> .....	<b>\$</b>	<b>12.60</b>	<b>-</b>	<b>\$</b>	<b>13.70</b>

\* The known adjustments are presented net of their related tax impact which amount to approximately \$0.40 per share, in the aggregate.

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

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, 2018  
(Unaudited)**

		<b>2018</b>	
<b>GAAP tax rate guidance</b> .....	13.0%	-	14.0%
Tax rate effect of known adjustments discussed above.....		1.0%	
<b>Non-GAAP tax rate guidance</b> .....	<b>14.0%</b>	<b>-</b>	<b>15.0%</b>

**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.