

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

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
Revenues:				
Product sales.....	\$ 5,474	\$ 5,225	\$ 10,713	\$ 10,099
Other revenues.....	214	145	502	304
Total revenues.....	<u>5,688</u>	<u>5,370</u>	<u>11,215</u>	<u>10,403</u>
Operating expenses:				
Cost of sales.....	1,050	1,089	2,068	2,122
Research and development.....	900	964	1,772	1,858
Selling, general and administrative.....	1,292	1,160	2,495	2,186
Other.....	66	81	98	139
Total operating expenses.....	<u>3,308</u>	<u>3,294</u>	<u>6,433</u>	<u>6,305</u>
Operating income.....	2,380	2,076	4,782	4,098
Interest expense, net.....	313	277	607	529
Interest and other income, net.....	<u>137</u>	<u>198</u>	<u>287</u>	<u>304</u>
Income before income taxes.....	2,204	1,997	4,462	3,873
Provision for income taxes.....	<u>334</u>	<u>344</u>	<u>692</u>	<u>597</u>
Net income.....	<u>\$ 1,870</u>	<u>\$ 1,653</u>	<u>\$ 3,770</u>	<u>\$ 3,276</u>
Earnings per share:				
Basic.....	\$ 2.49	\$ 2.18	\$ 5.01	\$ 4.30
Diluted.....	\$ 2.47	\$ 2.15	\$ 4.97	\$ 4.26
Weighted average shares used in calculation of earnings per share:				
Basic.....	751	759	753	761
Diluted.....	756	768	759	769

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

	<b>June 30, 2016</b>	<b>December 31, 2015</b>
<b>Assets</b>		
Current assets:		
Cash, cash equivalents and marketable securities.....	\$ 35,034	\$ 31,382
Trade receivables, net.....	3,078	2,995
Inventories.....	2,671	2,435
Other current assets.....	2,164	1,703
Total current assets.....	<u>42,947</u>	<u>38,515</u>
Property, plant and equipment, net.....	4,884	4,907
Intangible assets, net.....	11,068	11,641
Goodwill.....	14,799	14,787
Other assets.....	1,773	1,599
Total assets.....	<u>\$ 75,471</u>	<u>\$ 71,449</u>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable and accrued liabilities.....	\$ 5,536	\$ 6,417
Current portion of long-term debt.....	5,294	2,247
Total current liabilities.....	<u>10,830</u>	<u>8,664</u>
Long-term debt.....	27,928	29,182
Long-term deferred tax liability.....	2,598	2,239
Other noncurrent liabilities.....	3,982	3,281
Stockholders' equity.....	30,133	28,083
Total liabilities and stockholders' equity.....	<u>\$ 75,471</u>	<u>\$ 71,449</u>
Shares outstanding.....	749	754

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

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
<b>GAAP cost of sales</b>	\$ 1,050	\$ 1,089	\$ 2,068	\$ 2,122
<b>Adjustments to cost of sales:</b>				
Acquisition-related expenses (a)	(312)	(285)	(623)	(569)
Certain net charges pursuant to our restructuring initiative	-	(15)	-	(29)
<b>Total adjustments to cost of sales</b>	<u>(312)</u>	<u>(300)</u>	<u>(623)</u>	<u>(598)</u>
<b>Non-GAAP cost of sales</b>	<u>\$ 738</u>	<u>\$ 789</u>	<u>\$ 1,445</u>	<u>\$ 1,524</u>
<b>GAAP cost of sales as a percentage of product sales</b>	19.2%	20.8%	19.3%	21.0%
Acquisition-related expenses	-5.7	-5.4	-5.8	-5.6
Certain net charges pursuant to our restructuring initiative	0.0	-0.3	0.0	-0.3
<b>Non-GAAP cost of sales as a percentage of product sales</b>	<u>13.5%</u>	<u>15.1%</u>	<u>13.5%</u>	<u>15.1%</u>
<b>GAAP research and development expenses</b>	\$ 900	\$ 964	\$ 1,772	\$ 1,858
<b>Adjustments to research and development expenses:</b>				
Acquisition-related expenses (a)	(19)	(28)	(38)	(49)
Certain net charges pursuant to our restructuring initiative	(3)	(18)	2	(35)
<b>Total adjustments to research and development expenses</b>	<u>(22)</u>	<u>(46)</u>	<u>(36)</u>	<u>(84)</u>
<b>Non-GAAP research and development expenses</b>	<u>\$ 878</u>	<u>\$ 918</u>	<u>\$ 1,736</u>	<u>\$ 1,774</u>
<b>GAAP research and development expenses as a percentage of product sales</b>	16.4%	18.4%	16.5%	18.4%
Acquisition-related expenses (a)	-0.3	-0.5	-0.3	-0.5
Certain net charges pursuant to our restructuring initiative	-0.1	-0.3	0.0	-0.3
<b>Non-GAAP research and development expenses as a percentage of product sales</b>	<u>16.0%</u>	<u>17.6%</u>	<u>16.2%</u>	<u>17.6%</u>
<b>GAAP selling, general and administrative expenses</b>	\$ 1,292	\$ 1,160	\$ 2,495	\$ 2,186
<b>Adjustments to selling, general and administrative expenses:</b>				
Acquisition-related expenses (b)	(27)	(28)	(128)	(57)
Certain net charges pursuant to our restructuring initiative	(5)	(20)	(4)	(24)
<b>Total adjustments to selling, general and administrative expenses</b>	<u>(32)</u>	<u>(48)</u>	<u>(132)</u>	<u>(81)</u>
<b>Non-GAAP selling, general and administrative expenses</b>	<u>\$ 1,260</u>	<u>\$ 1,112</u>	<u>\$ 2,363</u>	<u>\$ 2,105</u>
<b>GAAP selling, general and administrative expenses as a percentage of product sales</b>	23.6%	22.2%	23.3%	21.6%
Acquisition-related expenses (a)	-0.5	-0.5	-1.2	-0.6
Certain net charges pursuant to our restructuring initiative	-0.1	-0.4	0.0	-0.2
<b>Non-GAAP selling, general and administrative expenses as a percentage of product sales</b>	<u>23.0%</u>	<u>21.3%</u>	<u>22.1%</u>	<u>20.8%</u>
<b>GAAP operating expenses</b>	\$ 3,308	\$ 3,294	\$ 6,433	\$ 6,305
<b>Adjustments to operating expenses:</b>				
Adjustments to cost of sales	(312)	(300)	(623)	(598)
Adjustments to research and development expenses	(22)	(46)	(36)	(84)
Adjustments to selling, general and administrative expenses	(32)	(48)	(132)	(81)
Certain net charges pursuant to our restructuring initiative (c)	(8)	(10)	(10)	(67)
Expense related to various legal proceedings	(78)	(71)	(105)	(71)
Acquisition-related adjustments	20	-	17	(1)
<b>Total adjustments to operating expenses</b>	<u>(432)</u>	<u>(475)</u>	<u>(889)</u>	<u>(902)</u>
<b>Non-GAAP operating expenses</b>	<u>\$ 2,876</u>	<u>\$ 2,819</u>	<u>\$ 5,544</u>	<u>\$ 5,403</u>
<b>GAAP operating income</b>	\$ 2,380	\$ 2,076	\$ 4,782	\$ 4,098
Adjustments to operating expenses	432	475	889	902
<b>Non-GAAP operating income</b>	<u>\$ 2,812</u>	<u>\$ 2,551</u>	<u>\$ 5,671</u>	<u>\$ 5,000</u>
<b>GAAP operating income as a percentage of product sales</b>	43.5%	39.7%	44.6%	40.6%
Adjustments to cost of sales	5.7	5.7	5.8	5.9
Adjustments to research and development expenses	0.4	0.9	0.4	0.8
Adjustments to selling, general and administrative expenses	0.6	0.9	1.2	0.8
Certain net charges pursuant to our restructuring initiative (c)	0.2	0.2	0.1	0.7
Expense related to various legal proceedings	1.4	1.4	1.0	0.7
Acquisition-related adjustments	-0.4	0.0	-0.2	0.0
<b>Non-GAAP operating income as a percentage of product sales</b>	<u>51.4%</u>	<u>48.8%</u>	<u>52.9%</u>	<u>49.5%</u>
<b>GAAP income before income taxes</b>	\$ 2,204	\$ 1,997	\$ 4,462	\$ 3,873
Adjustments to operating expenses	432	475	889	902
<b>Non-GAAP income before income taxes</b>	<u>\$ 2,636</u>	<u>\$ 2,472</u>	<u>\$ 5,351</u>	<u>\$ 4,775</u>
<b>GAAP provision for income taxes</b>	\$ 334	\$ 344	\$ 692	\$ 597
<b>Adjustments to provision for income taxes:</b>				
Income tax effect of the above adjustments to operating expenses (d)	146	151	285	290
Other income tax adjustments (e)	10	-	25	-
<b>Total adjustments to provision for income taxes</b>	<u>156</u>	<u>151</u>	<u>310</u>	<u>290</u>
<b>Non-GAAP provision for income taxes</b>	<u>\$ 490</u>	<u>\$ 495</u>	<u>\$ 1,002</u>	<u>\$ 887</u>
<b>GAAP tax rate as a percentage of income before taxes</b>	15.2%	17.2%	15.5%	15.4%
<b>Adjustments to provision for income taxes:</b>				
Income tax effect of the above adjustments to operating expenses (d)	3.0	2.8	2.7	3.2
Other income tax adjustments (e)	0.4	0.0	0.5	0.0
<b>Total adjustments to provision for income taxes</b>	<u>3.4</u>	<u>2.8</u>	<u>3.2</u>	<u>3.2</u>
<b>Non-GAAP tax rate as a percentage of income before taxes</b>	<u>18.6%</u>	<u>20.0%</u>	<u>18.7%</u>	<u>18.6%</u>
<b>GAAP net income</b>	\$ 1,870	\$ 1,653	\$ 3,770	\$ 3,276
<b>Adjustments to net income:</b>				
Adjustments to income before income taxes, net of the income tax effect	286	324	604	612
Other income tax adjustments (e)	(10)	-	(25)	-
<b>Total adjustments to net income</b>	<u>276</u>	<u>324</u>	<u>579</u>	<u>612</u>
<b>Non-GAAP net income</b>	<u>\$ 2,146</u>	<u>\$ 1,977</u>	<u>\$ 4,349</u>	<u>\$ 3,888</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 June 30, 2016		Three months ended June 30, 2015	
	GAAP	Non-GAAP	GAAP	Non-GAAP
Net income.....	\$ 1,870	\$ 2,146	\$ 1,653	\$ 1,977
Weighted-average shares for diluted EPS.....	756	756	768	768
Diluted EPS.....	<u>\$ 2.47</u>	<u>\$ 2.84</u>	<u>\$ 2.15</u>	<u>\$ 2.57</u>
	Six months ended June 30, 2016		Six months ended June 30, 2015	
	GAAP	Non-GAAP	GAAP	Non-GAAP
Net income.....	\$ 3,770	\$ 4,349	\$ 3,276	\$ 3,888
Weighted-average shares for diluted EPS.....	759	759	769	769
Diluted EPS.....	<u>\$ 4.97</u>	<u>\$ 5.73</u>	<u>\$ 4.26</u>	<u>\$ 5.06</u>

- (a) The adjustments related primarily to non-cash amortization of intangible assets acquired in business combinations.
- (b) For the three months ended June 30, 2016 as well as the three and six months ended June 30, 2015, 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) The adjustments related primarily to severance expenses.
- (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, 2016, were 33.8% and 32.1%, respectively, compared with 31.8% and 32.2% for the corresponding periods of the prior year.
- (e) The adjustments related to certain prior period items excluded from non-GAAP earnings, primarily the impact from the adoption of ASU 2016-09 related to stock options that were previously excluded from non-GAAP measures.

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

	Three months ended		Six months ended	
	June 30,		June 30,	
	2016	2015	2016	2015
Net cash provided by operating activities.....	\$ 2,677	\$ 3,284 (a)	\$ 4,592	\$ 4,766 (a)
Net cash used in investing activities .....	(657)	(2,359)	(5,047)	(3,311)
Net cash (used in) provided by financing activities.....	(2,286)	6	(1,059)	(1,391)
(Decrease) increase in cash and cash equivalents.....	(266)	931	(1,514)	64
Cash and cash equivalents at beginning of period.....	2,896	2,864	4,144	3,731
Cash and cash equivalents at end of period.....	\$ 2,630	\$ 3,795	\$ 2,630	\$ 3,795

	Three months ended		Six months ended	
	June 30,		June 30,	
	2016	2015	2016	2015
Net cash provided by operating activities.....	\$ 2,677	\$ 3,284 (a)	\$ 4,592	\$ 4,766 (a)
Capital expenditures.....	(188)	(133)	(344)	(251)
Free cash flow.....	\$ 2,489	\$ 3,151	\$ 4,248	\$ 4,515

(a) Restated to include \$470 million and \$623 million for the three and six months ended June 30, 2015, respectively, which was previously included in Net cash (used in) provided by financing activities, as a result of the adoption of ASU 2016-09.

**Reconciliation of GAAP EPS Guidance to Non-GAAP  
EPS Guidance for the Year Ending December 31, 2016  
(Unaudited)**

<b>GAAP diluted EPS guidance</b> .....	\$	9.55	-	\$	9.90
<b>Known adjustments to arrive at non-GAAP*:</b>					
Acquisition-related expenses..... (a)			1.35		
Restructuring charges.....		0.09	-		0.14
Legal proceeding charge.....			0.09		
Tax adjustments..... (b)			(0.03)		
<b>Non-GAAP diluted EPS guidance</b> .....	<u>\$</u>	<u>11.10</u>	<u>-</u>	<u>\$</u>	<u>11.40</u>

\* The known adjustments are presented net of their related tax impact which amount to approximately \$0.71 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)**

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