



Investor Insights Newsletter

Corporate Profile:

- Amgen discovers, develops, manufactures, and delivers innovative human therapeutics. A biotechnology pioneer since 1980, Amgen was one of the first companies to realize the new science's promise by bringing safe, effective medicines from lab to manufacturing plant to patient. Amgen therapeutics have changed the practice of medicine, helping people around the world in the fight against serious illnesses. With a deep and broad pipeline of potential new medicines, Amgen remains committed to advancing science to dramatically improve people's lives.



MESSAGE FROM BOB BRADWAY, CEO

Q4 and Full Year 2018 Financial Highlights:

- Total revenues increased 7 percent versus the fourth quarter of 2017 to \$6.2 billion.
 - Product sales grew 8 percent globally. New and recently launched products including Repatha® (evolocumab), Prolia® (denosumab), KYPROLIS® (carfilzomib) and XGEVA® (denosumab) showed double-digit growth.
- For the full year, total revenues increased 4 percent to \$23.7 billion, with 3 percent product sales growth.
- Non-GAAP EPS increased 18 percent in the fourth quarter to \$3.42 and 14 percent for the full year to \$14.40 driven by higher total revenues, a lower tax rate and lower weighted-average shares outstanding.
- The Company generated \$10.6 billion of free cash flow in 2018.
- 2019 total revenues guidance is \$21.8 - \$22.9 billion and 2019 non-GAAP EPS guidance is \$13.10 - \$14.30*

Over five years ago, we embarked on a transformation journey; one aspect of this transformation was to significantly improve our financial performance. I am pleased to announce that we met and exceeded each one of these ambitious financial targets. The larger goal of our transformation was to dramatically enhance our ability to compete, and we have made great progress on that front. Over the past five years, Amgen launched 9 new products, including two in new therapeutic areas, stood up a biosimilar business, expanded our global presence to about 100 countries, generated our largest ever number of innovative and first-in-class pipeline molecules, reduced our development cycle times, expanded our industry leading genetics capabilities and deployed a first of its kind, highly efficient, next generation biologics manufacturing capability. While our transformation is not complete, we are in a much better position than ever before to serve patients and to deliver long-term growth.

Our performance in 2018 is a good example of our capabilities where we generated double-digit, volume-driven growth from innovative medicines like Repatha® (evolocumab), Prolia® (denosumab), KYPROLIS® (carfilzomib), XGEVA® (denosumab) and Aimovig® (erenumab-aooe). We achieved several important milestones with our biosimilars portfolio including our first two product launches, and we expect many more milestones in the years to come. We also made tremendous progress in R&D in terms of the quantity and quality of potential new medicines in our innovative pipeline.

With a solid balance sheet, strong and consistent free cash flow generation, robust investments across the portfolio and a thoughtful capital deployment strategy, we are confident in our ability to drive long-term, volume driven growth and provide attractive returns for our shareholders.

\$Millions, except EPS and percentages	Q4'18	Q4'17	YOY Δ	FY'18	FY'17	YOY Δ
Total Revenues	\$ 6,230	\$ 5,802	7%	\$ 23,747	\$ 22,849	4%
GAAP Operating Income	\$ 2,382	\$ 2,245	6%	\$ 10,263	\$ 9,973	3%
GAAP Net Income (Loss)	\$ 1,928	\$ (4,264)	*	\$ 8,394	\$ 1,979	*
GAAP Earnings (Loss) Per Share	\$ 3.01	\$ (5.89)	*	\$ 12.62	\$ 2.69	*
Non-GAAP Operating Income	\$ 2,717	\$ 2,555	6%	\$ 11,857	\$ 11,658	2%
Non-GAAP Net Income	\$ 2,186	\$ 2,104	4%	\$ 9,573	\$ 9,246	4%
Non-GAAP EPS	\$ 3.42	\$ 2.89	18%	\$ 14.40	\$ 12.58	14%

* Change in excess of 100%

References in this document to "non-GAAP" measures, measures presented "on a non-GAAP basis" and to "free cash flow" (computed by subtracting capital expenditures from operating cash flow) refer to non-GAAP financial measures. Adjustments to the most directly comparable GAAP financial measures and other items are presented on the attached reconciliations.

* Guidance as of January 29, 2019, and is not being updated at this time.

AMGEN MISSION

To serve patients

AMGEN QUICK FACTS

Headquarters

Thousand Oaks, California

Staff

Approximately 21,500 worldwide

Stock Listing

NASDAQ: AMGN

Chairman, CEO and President

Robert A. Bradway

2018 Financial Highlights

Total revenue: \$23.7 billion

Product sales: \$22.5 billion

Non-GAAP R&D expense: \$3.7 billion

AMGEN PRODUCTS

Aimovig® (erenumab-aooe)

AMGEVITA™ (biosimilar adalimumab)

Aranesp® (darbepoetin alfa)

BLINCYTO® (blinatumomab)

Corlanor® (ivabradine)

Enbrel® (etanercept)

EPOGEN® (epoetin alfa)

EVENITY™ (romosozumab)

IMLYGIC® (talimogene laherparepvec)

KANJINTI™ (biosimilar trastuzumab)

KYPROLIS® (carfilzomib)

Neulasta® (pegfilgrastim)

NEUPOGEN® (filgrastim)

Nplate® (romiplostim)

Parsabiv® (etelcalcetide)

Prolia® (denosumab)

Repatha® (evolocumab)

Sensipar® (cinacalcet)

Vectibix® (panitumumab)

XGEVA® (denosumab)

For product information, including important safety information, visit www.amgen.com.

QUESTIONS?

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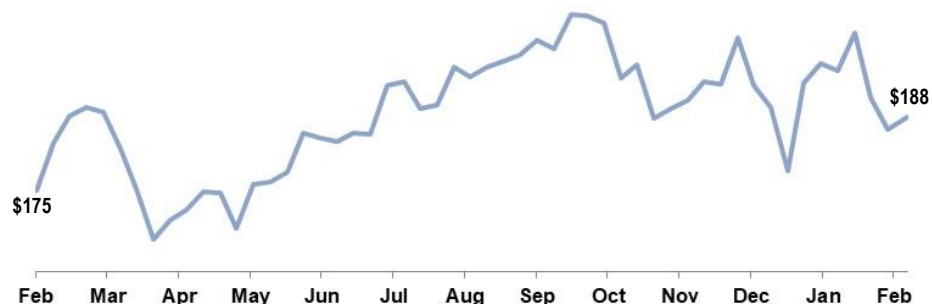
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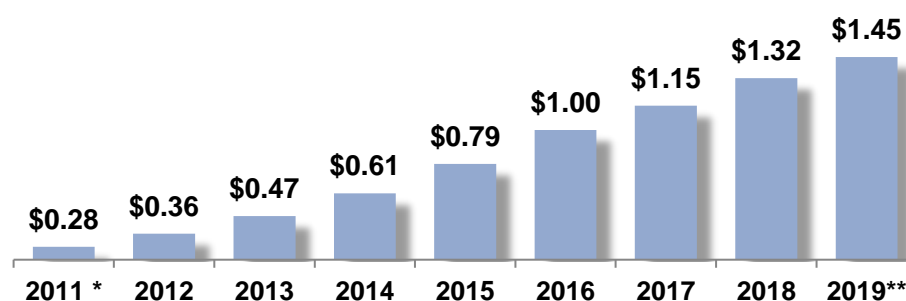
800-937-5449

Stock Price Performance (Last 12 Months)

Source: NASDAQ
(data from 2/15/18 through 2/15/19)



Quarterly Per Share Dividend History



* Dividend initiated in September 2011

** Represents Q1 dividend payable on March 8, 2019 to all stockholders of record as of the close of business on February 15, 2019.

Key News:

Amgen Met and Exceeded its Long-Term Financial Commitments for 2018 Aided by Successful Transformation Efforts

2018 Commitments	Result	Outcome
Double-digit EPS* growth**	14%	✓ +
\$1.5B gross cost savings since 2013	\$1.9B	✓ +
Operating margin* of 52%–54% vs. 38% in 2013	53%	✓ +
Reduce our facility footprint by 23%	24%	✓ +
Return of ~ 60% of net income* to shareholders†	89%	✓ +

*Non-GAAP financial measure—if this slide is in hard copy, see reconciliations accompanying the presentation, or if this slide is delivered electronically, see reconciliations available at: www.amgen.com within the Investors section; **On average, between 2013–2018; †On average, between 2014–2018

Non-GAAP Financial Measures

Management has presented its operating results for the fourth quarters and full years of 2018 and 2017, in accordance with U.S. Generally Accepted Accounting Principles (GAAP) and on a non-GAAP basis. In addition, management has presented its full year 2019 EPS guidance in accordance with GAAP and on a non-GAAP basis. These non-GAAP financial measures are computed by excluding certain items related to acquisitions, restructuring and certain other items, including the repatriation tax on accumulated foreign earnings and other impacts of U.S. corporate tax reform, from the related GAAP financial measures. Reconciliations for these non-GAAP financial measures to the most directly comparable GAAP financial measures are included in this document. Management has also presented Free Cash Flow (FCF), which is a non-GAAP financial measure, for the fourth quarters and full years of 2018 and 2017. FCF is computed by subtracting capital expenditures from operating cash flow, each as determined in accordance with GAAP.

The Company believes that its presentation of non-GAAP financial measures provides useful supplementary information to and facilitates additional analysis by investors. The Company uses certain non-GAAP financial measures to enhance an investor's overall understanding of the financial performance and prospects for the future of the Company's ongoing business activities by facilitating comparisons of results of ongoing business operations among current, past and future periods. The Company believes that FCF provides a further measure of the Company's liquidity.

The Company uses the non-GAAP financial measures set forth in the news release in connection with its own budgeting and financial planning internally to evaluate the performance of the business, including to allocate resources and to evaluate results relative to incentive compensation targets. The non-GAAP financial measures are in addition to, not a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP.

Forward-Looking Statements

This document contains forward-looking statements that are based on the current expectations and beliefs of Amgen. All statements, other than statements of historical fact, are statements that could be deemed forward-looking statements, including estimates of revenues, operating margins, capital expenditures, cash, other financial metrics, expected legal, arbitration, political, regulatory or clinical results or practices, customer and prescriber patterns or practices, reimbursement activities and outcomes and other such estimates and results. Forward-looking statements involve significant risks and uncertainties, including those discussed below and more fully described in the Securities and Exchange Commission reports filed by Amgen, including our most recent annual report on Form 10-K and any subsequent periodic reports on Form 10-Q and current reports on Form 8-K. Unless otherwise noted, Amgen is providing this information as of the date of this news release and does not undertake any obligation to update any forward-looking statements contained in this document as a result of new information, future events or otherwise.

No forward-looking statement can be guaranteed and actual results may differ materially from those we project. Our results may be affected by our ability to successfully market both new and existing products domestically and internationally, clinical and regulatory developments involving current and future products, sales growth of recently launched products, competition from other products including biosimilars, difficulties or delays in manufacturing our products and global economic conditions. In addition, sales of our products are affected by pricing pressure, political and public scrutiny and reimbursement policies imposed by third-party payers, including governments, private insurance plans and managed care providers and may be affected by regulatory, clinical and guideline developments and domestic and international trends toward managed care and healthcare cost containment. Furthermore, our research, testing, pricing, marketing and other operations are subject to extensive regulation by domestic and foreign government regulatory authorities. We or others could identify safety, side effects or manufacturing problems with our products, including our devices, after they are on the market. Our business may be impacted by government investigations, litigation and product liability claims. In addition, our business may be impacted by the adoption of new tax legislation or exposure to additional tax liabilities. While we routinely obtain patents for our products and technology, the protection offered by our patents and patent applications may be challenged, invalidated or circumvented by our competitors, or we may fail to prevail in present and future intellectual property litigation. We perform a substantial amount of our commercial manufacturing activities at a few key facilities, including in Puerto Rico, and also depend on third parties for a portion of our manufacturing activities, and limits on supply may constrain sales of certain of our current products and product candidate development. We rely on collaborations with third parties for the development of some of our product candidates and for the commercialization and sales of some of our commercial products. In addition, we compete with other companies with respect to many of our marketed products as well as for the discovery and development of new products. Discovery or identification of new product candidates or development of new indications for existing products cannot be guaranteed and movement from concept to product is uncertain; consequently, there can be no guarantee that any particular product candidate or development of new indications for existing products will be successful and become a commercial product. Further, some raw materials, medical devices and component parts for our products are supplied by sole third-party suppliers. Certain of our distributors, customers and payers have substantial purchasing leverage in their dealings with us. The discovery of significant problems with a product similar to one of our products that implicate an entire class of products could have a material adverse effect on sales of the affected products and on our business and results of operations. Our efforts to acquire other companies or products and to integrate the operations of companies we have acquired may not be successful. A breakdown, cyberattack or information security breach could compromise the confidentiality, integrity and availability of our systems and our data. Our stock price is volatile and may be affected by a number of events. Our business performance could affect or limit the ability of our Board of Directors to declare a dividend or our ability to pay a dividend or repurchase our common stock. We may not be able to access the capital and credit markets on terms that are favorable to us, or at all.

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

	Three months ended December 31,		Years ended December 31,	
	2018	2017	2018	2017
Revenues:				
Product sales	\$ 6,001	\$ 5,569	\$ 22,533	\$ 21,795
Other revenues	229	233	1,214	1,054
Total revenues	<u>6,230</u>	<u>5,802</u>	<u>23,747</u>	<u>22,849</u>
Operating expenses:				
Cost of sales	1,096	1,059	4,101	4,069
Research and development	1,182	1,043	3,737	3,562
Selling, general and administrative	1,559	1,427	5,332	4,870
Other	11	28	314	375
Total operating expenses	<u>3,848</u>	<u>3,557</u>	<u>13,484</u>	<u>12,876</u>
Operating income	2,382	2,245	10,263	9,973
Interest expense, net	352	332	1,392	1,304
Interest and other income, net	155	301	674	928
Income before income taxes	2,185	2,214	9,545	9,597
Provision for income taxes	257	6,478	1,151	7,618
Net income (loss)	<u>\$ 1,928</u>	<u>\$ (4,264)</u>	<u>\$ 8,394</u>	<u>\$ 1,979</u>
Earnings (loss) per share:				
Basic	\$ 3.04	\$ (5.89)	\$ 12.70	\$ 2.71
Diluted	\$ 3.01	\$ (5.89)	\$ 12.62	\$ 2.69
Weighted-average shares used in calculation of earnings per share:				
Basic	635	724	661	731
Diluted	640	724	665	735

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

	Three months ended December 31,		Years ended December 31,	
	2018	2017	2018	2017
GAAP cost of sales	\$ 1,096	\$ 1,059	\$ 4,101	\$ 4,069
Adjustments to cost of sales:				
Acquisition-related expenses (a)	(276)	(243)	(1,099)	(1,126)
Certain net charges pursuant to our restructuring initiative	(1)	—	(1)	—
Total adjustments to cost of sales	(277)	(243)	(1,100)	(1,126)
Non-GAAP cost of sales	\$ 819	\$ 816	\$ 3,001	\$ 2,943
GAAP cost of sales as a percentage of product sales	18.3%	19.0%	18.2%	18.7%
Acquisition-related expenses (a)	-4.7	-4.3	-4.9	-5.2
Certain net charges pursuant to our restructuring initiative	0.0	0.0	0.0	0.0
Non-GAAP cost of sales as a percentage of product sales	13.6%	14.7%	13.3%	13.5%
GAAP research and development expenses	\$ 1,182	\$ 1,043	\$ 3,737	\$ 3,562
Adjustments to research and development expenses:				
Acquisition-related expenses (a)	(19)	(20)	(78)	(77)
Certain net charges pursuant to our restructuring initiative	(1)	2	(2)	(3)
Total adjustments to research and development expenses	(20)	(18)	(80)	(80)
Non-GAAP research and development expenses	\$ 1,162	\$ 1,025	\$ 3,657	\$ 3,482
GAAP research and development expenses as a percentage of product sales	19.7%	18.7%	16.6%	16.3%
Acquisition-related expenses (a)	-0.3	-0.3	-0.4	-0.3
Certain net charges pursuant to our restructuring initiative	0.0	0.0	0.0	0.0
Non-GAAP research and development expenses as a percentage of product sales	19.4%	18.4%	16.2%	16.0%
GAAP selling, general and administrative expenses	\$ 1,559	\$ 1,427	\$ 5,332	\$ 4,870
Adjustments to selling, general and administrative expenses:				
Acquisition-related expenses (a)	(19)	(20)	(84)	(99)
Certain net charges pursuant to our restructuring initiative	(8)	(1)	(16)	(2)
Other	—	—	—	(3)
Total adjustments to selling, general and administrative expenses	(27)	(21)	(100)	(104)
Non-GAAP selling, general and administrative expenses	\$ 1,532	\$ 1,406	\$ 5,232	\$ 4,766
GAAP selling, general and administrative expenses as a percentage of product sales	26.0%	25.6%	23.7%	22.3%
Acquisition-related expenses (a)	-0.3	-0.4	-0.4	-0.4
Certain net charges pursuant to our restructuring initiative	-0.2	0.0	-0.1	0.0
Other	0.0	0.0	0.0	0.0
Non-GAAP selling, general and administrative expenses as a percentage of product sales	25.5%	25.2%	23.2%	21.9%
GAAP operating expenses	\$ 3,848	\$ 3,557	\$ 13,484	\$ 12,876
Adjustments to operating expenses:				
Adjustments to cost of sales	(277)	(243)	(1,100)	(1,126)
Adjustments to research and development expenses	(20)	(18)	(80)	(80)
Adjustments to selling, general and administrative expenses	(27)	(21)	(100)	(104)
Certain net charges pursuant to our restructuring initiative (b)	(1)	(27)	7	(83)
Certain other expenses	—	—	(25)	—
Acquisition-related adjustments (c)	(10)	(1)	(296)	(292)
Total adjustments to operating expenses	(335)	(310)	(1,594)	(1,685)
Non-GAAP operating expenses	\$ 3,513	\$ 3,247	\$ 11,890	\$ 11,191
GAAP operating income	\$ 2,382	\$ 2,245	\$ 10,263	\$ 9,973
Adjustments to operating expenses	335	310	1,594	1,685
Non-GAAP operating income	\$ 2,717	\$ 2,555	\$ 11,857	\$ 11,658
GAAP operating income as a percentage of product sales	39.7%	40.3%	45.5%	45.8%

Adjustments to cost of sales	4.7	4.3	4.9	5.2
Adjustments to research and development expenses	0.3	0.3	0.4	0.3
Adjustments to selling, general and administrative expenses	0.5	0.4	0.5	0.4
Certain net charges pursuant to our restructuring initiative (b)	0.0	0.6	0.0	0.4
Certain other expenses	0.0	0.0	0.0	0.0
Acquisition-related adjustments (c)	0.1	0.0	1.3	1.4
Non-GAAP operating income as a percentage of product sales	<u>45.3%</u>	<u>45.9%</u>	<u>52.6%</u>	<u>53.5%</u>
GAAP interest and other income, net	\$ 155	\$ 301	\$ 674	\$ 928
Adjustments to other income (d)	—	—	(68)	—
Non-GAAP interest and other income, net	<u>\$ 155</u>	<u>\$ 301</u>	<u>\$ 606</u>	<u>\$ 928</u>
GAAP income before income taxes	\$ 2,185	\$ 2,214	\$ 9,545	\$ 9,597
Adjustments to operating expenses	335	310	1,594	1,685
Adjustments to other income (d)	—	—	(68)	—
Non-GAAP income before income taxes	<u>\$ 2,520</u>	<u>\$ 2,524</u>	<u>\$ 11,071</u>	<u>\$ 11,282</u>
GAAP provision for income taxes	\$ 257	\$ 6,478	\$ 1,151	\$ 7,618
Adjustments to provision for income taxes:				
Income tax effect of the above adjustments (e)	77	98	362	538
Other income tax adjustments (f)	—	(6,156)	(15)	(6,120)
Total adjustments to provision for income taxes	<u>77</u>	<u>(6,058)</u>	<u>347</u>	<u>(5,582)</u>
Non-GAAP provision for income taxes	<u>\$ 334</u>	<u>\$ 420</u>	<u>\$ 1,498</u>	<u>\$ 2,036</u>
GAAP tax as a percentage of income before taxes	11.8%	292.6%	12.1%	79.4%
Adjustments to provision for income taxes:				
Income tax effect of the above adjustments (e)	1.5	-32.1	1.6	-7.1
Other income tax adjustments (f)	0.0	-243.9	-0.2	-54.3
Total adjustments to provision for income taxes	<u>1.5</u>	<u>-276.0</u>	<u>1.4</u>	<u>-61.4</u>
Non-GAAP tax as a percentage of income before taxes	<u>13.3%</u>	<u>16.6%</u>	<u>13.5%</u>	<u>18.0%</u>
GAAP net income (loss)	\$ 1,928	\$ (4,264)	\$ 8,394	\$ 1,979
Adjustments to net income (loss):				
Adjustments to income before income taxes, net of the income tax effect	258	212	1,164	1,147
Other income tax adjustments (f)	—	6,156	15	6,120
Total adjustments to net income (loss)	<u>258</u>	<u>6,368</u>	<u>1,179</u>	<u>7,267</u>
Non-GAAP net income	<u>\$ 2,186</u>	<u>\$ 2,104</u>	<u>\$ 9,573</u>	<u>\$ 9,246</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 earnings (loss) per share:

	Three months ended December 31, 2018		Three months ended December 31, 2017	
	GAAP	Non-GAAP	GAAP	Non-GAAP
Net income	\$ 1,928	\$ 2,186	\$ (4,264)	\$ 2,104
Shares				
Weighted-average shares for basic EPS	635	635	724	724
Effect of dilutive shares	5	5	—	5
Weighted-average shares for diluted EPS	640	640	724	729
Diluted EPS	\$ 3.01	\$ 3.42	\$ (5.89)	\$ 2.89
	Year ended December 31, 2018		Year ended December 31, 2017	
	GAAP	Non-GAAP	GAAP	Non-GAAP
Net income	\$ 8,394	\$ 9,573	\$ 1,979	\$ 9,246
Shares				
Weighted-average shares for basic EPS	661	661	731	731
Effect of dilutive shares	4	4	4	4
Weighted-average shares for diluted EPS	665	665	735	735
Diluted EPS	\$ 12.62	\$ 14.40	\$ 2.69	\$ 12.58

- (a) The adjustments related primarily to noncash amortization of intangible assets acquired in business combinations.
- (b) For the three months and year ended December 31, 2017, the adjustments related primarily to severance expenses associated with our restructuring initiative.
- (c) For the years ended December 31, 2018 and 2017, the adjustments related primarily to impairments of intangible assets acquired in business combinations.
- (d) For the year ended December 31, 2018, the adjustment related to the net gain associated with the Kirin-Amgen share acquisition.
- (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, 2018, were 23.0% and 23.7%, compared with 31.6% and 31.9% 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.
- (g) During periods of net loss, diluted loss per share is equal to basic loss per share because the antidilutive effect of potential common shares is disregarded.

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

	Years Ended December 31,			
	2016	2015	2014	2013
GAAP operating income	\$ 9,794	\$ 8,470	\$ 6,191	\$ 5,867
Adjustments to operating expenses:				
Acquisition-related expenses (a)	1,510	1,377	1,546	986
Certain net charges pursuant to our restructuring and other cost savings initiatives (b)	37	114	596	71
Expense (benefit) related to various legal proceedings	105	91	(3)	14
Expense resulting from clarified guidance on branded prescription drug fee (c)	-	-	129	-
Stock option expense	-	-	16	34
Total adjustments to operating income	<u>1,652</u>	<u>1,582</u>	<u>2,284</u>	<u>1,105</u>
Non-GAAP operating income	\$ 11,446	\$ 10,052	\$ 8,475	\$ 6,972
Product sales				\$ 18,192
GAAP operating margin				32.3%
Impact of total adjustments to operating income				6.0%
Non-GAAP operating margin				<u>38.3%</u>
GAAP net income	\$ 7,722	\$ 6,939	\$ 5,158	\$ 5,081
Adjustments to net income:				
Adjustments to operating expenses	1,652	1,582	2,284	1,105
Adjustments to other income (d)	-	-	-	34
Income tax effect of the above adjustments (e)	(525)	(496)	(717)	(376)
Other income tax adjustments (f)	(64)	(71)	(25)	(30)
Non-GAAP net income	<u>\$ 8,785</u>	<u>\$ 7,954</u>	<u>\$ 6,700</u>	<u>\$ 5,814</u>
Weighted-average shares for GAAP diluted EPS	754	766	770	765
Weighted-average shares for Non-GAAP diluted EPS*	754	766	770	765
GAAP diluted EPS	<u>\$ 10.24</u>	<u>\$ 9.06</u>	<u>\$ 6.70</u>	<u>\$ 6.64</u>
Non-GAAP diluted EPS	<u>\$ 11.65</u>	<u>\$ 10.38</u>	<u>\$ 8.70</u>	<u>\$ 7.60</u>

* Dilutive securities used to compute Non-GAAP diluted EPS for the year ended December 31, 2013 were computed under the treasury stock method assuming that we do not expense stock option

- (a) The adjustments related primarily to noncash amortization of intangible assets acquired in business combinations. For the years ended December 31, 2014 and 2013, the adjustments included changes in the estimated fair values of contingent consideration obligations related to prior-year business combinations.
- (b) The adjustments related to headcount charges, such as severance, and to asset charges, such as asset impairments, accelerated depreciation and other charges related to the closure of our facilities.
- (c) The adjustment related to the recognition of an additional year of the nontax deductible branded prescription drug fee, as required by final regulations issued by the Internal Revenue Service.
- (d) The adjustment related to bridge financing costs associated with the Onyx business combination and noncash interest expense associated with our convertible notes.
- (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.
- (f) The adjustments related to certain acquisition items and prior-period items excluded from GAAP earnings.

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

	December 31,	
	2018	2017
	(Unaudited)	
Assets		
Current assets:		
Cash, cash equivalents and marketable securities	\$ 29,304	\$ 41,678
Trade receivables, net	3,580	3,237
Inventories	2,940	2,834
Other current assets	1,794	1,727
Total current assets	37,618	49,476
Property, plant and equipment, net	4,958	4,989
Intangible assets, net	7,443	8,609
Goodwill	14,699	14,761
Other assets	1,698	2,119
Total assets	\$ 66,416	\$ 79,954
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 9,069	\$ 7,868
Current portion of long-term debt	4,419	1,152
Total current liabilities	13,488	9,020
Long-term debt	29,510	34,190
Long-term deferred tax liabilities	864	1,166
Long-term tax liabilities	8,770	9,099
Other noncurrent liabilities	1,284	1,238
Total stockholders' equity	12,500	25,241
Total liabilities and stockholders' equity	\$ 66,416	\$ 79,954
Shares outstanding	630	722

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

	Three months ended December 31,		Years ended December 31,	
	2018	2017	2018	2017
Net cash provided by operating activities	\$ 3,194	\$ 3,012	\$ 11,296	\$ 11,177
Net cash (used in) provided by investing activities	(4,637)	(78)	14,339	(4,024)
Net cash used in financing activities	(3,568)	(2,134)	(22,490)	(6,594)
(Decrease) increase in cash and cash equivalents	(5,011)	800	3,145	559
Cash and cash equivalents at beginning of period	11,956	3,000	3,800	3,241
Cash and cash equivalents at end of period	\$ 6,945	\$ 3,800	\$ 6,945	\$ 3,800

	Three months ended December 31,		Years ended December 31,	
	2018	2017	2018	2017
Net cash provided by operating activities	\$ 3,194	\$ 3,012	\$ 11,296	\$ 11,177
Capital expenditures	(225)	(153)	(738)	(664)
Free cash flow	\$ 2,969	\$ 2,859	\$ 10,558	\$ 10,513

**Reconciliation of GAAP EPS Guidance to Non-GAAP
EPS Guidance for the Year Ending December 31, 2019
(Unaudited)**

GAAP diluted EPS guidance	\$ 11.55	-	\$ 12.75
Known adjustment to arrive at non-GAAP*:			
Acquisition-related expenses (a).....		1.55	
Non-GAAP diluted EPS guidance	\$ 13.10	-	\$ 14.30

* The known adjustments are presented net of their related tax impact, which amount to approximately \$0.43 per share.

(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 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.