



## 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.

### Q2 2020 Financial Highlights:

- Despite the impact of the COVID-19 pandemic, total revenues increased 6% to \$6.2 billion in comparison to the second quarter of 2019, driven by higher unit demand, offset partially by lower net selling prices.
  - Product sales volume grew 13% in the quarter driven by our newer products including Otezla®, biosimilars, EVENITY® and Repatha®
- Non-GAAP EPS increased 7% to \$4.25 driven by increased revenues and fewer weighted-average shares outstanding.
- The Company generated \$2.7 billion of free cash flow in the quarter.
- 2020 total revenues guidance reaffirmed at \$25.0 - \$25.6 billion and 2020 non-GAAP EPS guidance revised to \$15.10 - \$15.75\*



#### MESSAGE FROM BOB BRADWAY, CEO

As we look back at the first 6 months of the year and project forward, I'm very aware that we're still in the midst of a significant global public health challenge and deep economic downturn. In that context, our strong results, which include 6% revenue growth driven by 13% volume growth, reflect the resilience of our people, the strength of our operating systems and our success in continuing to supply every patient every time with the medicines they need.

We remain confident in the long-term growth potential of innovative medicines like Otezla, Repatha, Prolia, EVENITY and Aimovig, as well as our expanding portfolio of marketed biosimilars.

As we find new ways to meet the needs of current patients, we're excited about the potential of the medicines in our pipeline to enable us to serve many more patients in the future. We expect readouts in the second half of the year for sotorasib in non-small cell lung cancer; tezepelumab in severe asthma; and omecantiv mecarbil in heart failure. Encouragingly, we've restarted many of the earlier-stage clinical trials that we put on hold due to COVID-19 at the end of the first quarter. We're also exploring Otezla as a potential treatment for patients with COVID-19.

In an environment of ongoing uncertainty, our strong financial position provides us with competitive flexibility. Our financial strength enables us to continue to invest in the long-term growth of our business internally and externally, while also returning capital to our shareholders.

We're in a strong position heading into the second half of the year, and I just want to take a moment to thank the Amgen staff all around the world in their steadfast support of our mission. I also want to express our profound appreciation for all our partners in the health care community for the support that they've shown to the patients that we're trying to serve together.

\$Millions, except EPS, dividends paid per share and percentages	Q2'20	Q2'19	YOY Δ
Total Revenues	\$ 6,206	\$ 5,871	6%
GAAP Operating Income	\$ 2,323	\$ 2,678	(13%)
GAAP Net Income	\$ 1,803	\$ 2,179	(17%)
GAAP EPS	\$ 3.05	\$ 3.57	(15%)
Non-GAAP Operating Income	\$ 3,247	\$ 2,973	9%
Non-GAAP Net Income	\$ 2,518	\$ 2,423	4%
Non-GAAP EPS	\$ 4.25	\$ 3.97	7%
Dividends Paid Per Share	\$ 1.60	\$ 1.45	10%

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 and message from Bob Bradway as of July 28, 2020, and are not being updated at this time. Amgen expressly disclaims any duty to update information contained in this newsletter.

## AMGEN MISSION

To serve patients

## AMGEN QUICK FACTS

### Headquarters

Thousand Oaks, California

### Staff

Approximately 23,400 worldwide

### Stock Listing

NASDAQ: AMGN

### Chairman, CEO and President

Robert A. Bradway

### 2019 Financial Highlights

Total revenue: \$23.4 billion

Product sales: \$22.2 billion

Non-GAAP R&D expense: \$4.0 billion

## AMGEN PRODUCTS

Aimovig® (erenumab-aooe)

AMGEVITA™ (adalimumab-atto)

Aranesp® (darbepoetin alfa)

BLINCYTO® (blinatumomab)

Corlanor® (ivabradine)

Enbrel® (etanercept)

EPOGEN® (epoetin alfa)

EVENTY® (romosozumab-aqqg)

IMLYGIC® (talimogene laherparepvec)

KANJINTI® (trastuzumab-anns)

KYPROLIS® (carfilzomib)

MVASI® (bevacizumab-awwb)

Neulasta® (pegfilgrastim)

Otezla® (apremilast)

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](http://www.amgen.com).

## QUESTIONS?

## CONTACT US

### Amgen

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### Transfer Agent

American Stock Transfer and Trust Co.

59 Maiden Lane

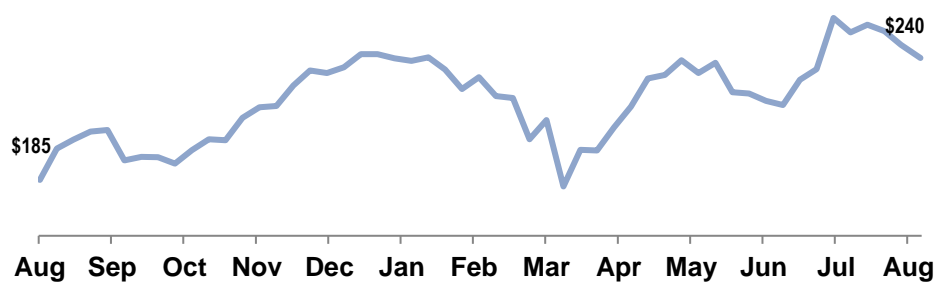
New York, NY 10038

Phone: (212) 936-5100 or

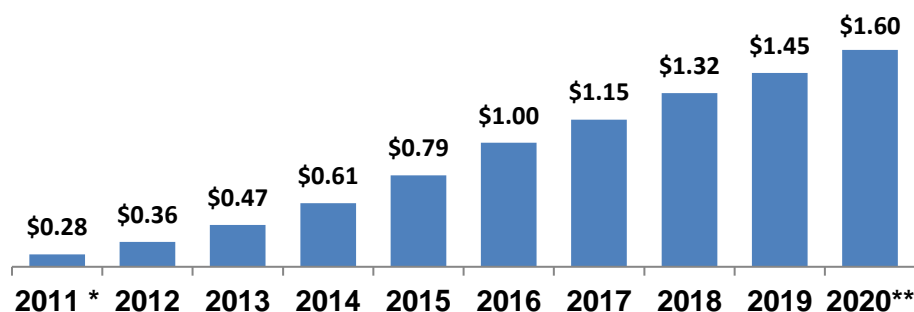
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## Stock Price Performance (Last 12 Months)

Source: NASDAQ  
(data from 8/8/19 through 8/8/20)



## Quarterly Per Share Dividend History



\* Dividend initiated in September 2011

\*\* Represents Q2 dividend paid on June 8, 2020 to all stockholders of record as of the close of business on May 18, 2020

## Key News:

### Executing through a pandemic while investing for long-term growth

- Strong execution in Q2
- Continuing to provide uninterrupted supply of medicines for patients around the world
- Key clinical studies expected in the second half of the year
- Strong balance sheet and cash flow generation; capital allocation priorities remain unchanged
- Biopharma is well positioned to be a part of the solution for the current pandemic

## Non-GAAP Financial Measures

In this news release, management has presented its operating results for the second quarters of 2020 and 2019, in accordance with U.S. Generally Accepted Accounting Principles (GAAP) and on a non-GAAP basis. In addition, management has presented its full year 2020 EPS and tax rate 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 from the related GAAP financial measures. Reconciliations for these non-GAAP financial measures to the most directly comparable GAAP financial measures are included in the news release. Management has also presented Free Cash Flow (FCF), which is a non-GAAP financial measure, for the second quarters of 2020 and 2019. 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 news release 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 any statements on the outcome, benefits and synergies of collaborations, or potential collaborations, with any other company, including Adaptive Biotechnologies (including statements regarding such collaboration's, or our own, ability to discover and develop fully-human neutralizing antibodies targeting SARS-CoV-2 to potentially prevent or treat COVID-19), BeiGene, Ltd., or the Otezla acquisition, including anticipated Otezla sales growth and the timing of non-GAAP EPS accretion, as well as 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, effects of pandemics or other widespread health problems such as the ongoing COVID-19 pandemic on our business, outcomes, progress, or effects relating to studies of Otezla as a potential treatment for COVID-19, 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. If we fail to meet the compliance obligations in the corporate integrity agreement between us and the U.S. government, we could become subject to significant sanctions. Further, 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. An outbreak of disease or similar public health threat, such as COVID-19, and the public and governmental effort to mitigate against the spread of such disease, could have a significant adverse effect on the supply of materials for our manufacturing activities, the distribution of our products, the commercialization of our product candidates, and our clinical trial operations, and any such events may have a material adverse effect on our product development, product sales, business and results of operations. 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 a new indication for an existing product 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 collaborate with or acquire other companies, products or technology, and to integrate the operations of companies or to support the products or technology 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 June 30,		Six months ended June 30,	
	2020	2019	2020	2019
Revenues:				
Product sales.....	\$ 5,908	\$ 5,574	\$ 11,802	\$ 10,860
Other revenues.....	298	297	565	568
Total revenues.....	<u>6,206</u>	<u>5,871</u>	<u>12,367</u>	<u>11,428</u>
Operating expenses:				
Cost of sales.....	1,488	1,012	3,001	2,067
Research and development.....	964	924	1,916	1,803
Selling, general and administrative.....	1,295	1,260	2,611	2,414
Other.....	136	(3)	161	(6)
Total operating expenses.....	<u>3,883</u>	<u>3,193</u>	<u>7,689</u>	<u>6,278</u>
Operating income.....	2,323	2,678	4,678	5,150
Interest expense, net.....	296	332	642	675
Interest and other income, net.....	<u>3</u>	<u>218</u>	<u>14</u>	<u>403</u>
Income before income taxes.....	2,030	2,564	4,050	4,878
Provision for income taxes.....	<u>227</u>	<u>385</u>	<u>422</u>	<u>707</u>
Net income.....	<u>\$ 1,803</u>	<u>\$ 2,179</u>	<u>\$ 3,628</u>	<u>\$ 4,171</u>
Earnings per share:				
Basic.....	\$ 3.07	\$ 3.59	\$ 6.16	\$ 6.78
Diluted.....	\$ 3.05	\$ 3.57	\$ 6.12	\$ 6.75
Weighted-average shares used in calculation of earnings per share:				
Basic.....	588	607	589	615
Diluted.....	592	610	593	618

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

	June 30, 2020 (Unaudited)	December 31, 2019
<b>Assets</b>		
Current assets:		
Cash, cash equivalents and marketable securities	\$ 11,421	\$ 8,911
Trade receivables, net	5,366	4,057
Inventories	3,840	3,584
Other current assets	2,268	1,888
Total current assets	<u>22,895</u>	<u>18,440</u>
Property, plant and equipment, net	4,843	4,928
Intangible assets, net	17,948	19,413
Goodwill	14,678	14,703
Other assets	4,647	2,223
Total assets	<u>\$ 65,011</u>	<u>\$ 59,707</u>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 10,432	\$ 9,882
Current portion of long-term debt	91	2,953
Total current liabilities	<u>10,523</u>	<u>12,835</u>
Long-term debt	34,133	26,950
Long-term deferred tax liabilities	259	606
Long-term tax liabilities	7,556	8,037
Other noncurrent liabilities	1,881	1,606
Total stockholders' equity	<u>10,659</u>	<u>9,673</u>
Total liabilities and stockholders' equity	<u>\$ 65,011</u>	<u>\$ 59,707</u>
Shares outstanding	586	591



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

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
<b>GAAP cost of sales</b> .....	\$ 1,488	\$ 1,012	\$ 3,001	\$ 2,067
Adjustments to cost of sales:				
Acquisition-related expenses (a).....	(730)	(276)	(1,472)	(552)
<b>Total adjustments to cost of sales</b> .....	(730)	(276)	(1,472)	(552)
<b>Non-GAAP cost of sales</b> .....	<u>\$ 758</u>	<u>\$ 736</u>	<u>\$ 1,529</u>	<u>\$ 1,515</u>
<b>GAAP cost of sales as a percentage of product sales</b> .....	25.2 %	18.2 %	25.4 %	19.0 %
Acquisition-related expenses (a).....	-12.4	-5.0	-12.4	-5.0
<b>Non-GAAP cost of sales as a percentage of product sales</b> .....	<u>12.8 %</u>	<u>13.2 %</u>	<u>13.0 %</u>	<u>14.0 %</u>
<b>GAAP research and development expenses</b> .....	\$ 964	\$ 924	\$ 1,916	\$ 1,803
Adjustments to research and development expenses:				
Acquisition-related expenses (a).....	(28)	(18)	(53)	(38)
<b>Total adjustments to research and development expenses</b> .....	(28)	(18)	(53)	(38)
<b>Non-GAAP research and development expenses</b> .....	<u>\$ 936</u>	<u>\$ 906</u>	<u>\$ 1,863</u>	<u>\$ 1,765</u>
<b>GAAP research and development expenses as a percentage of product sales</b> .....	16.3 %	16.6 %	16.2 %	16.6 %
Acquisition-related expenses (a).....	-0.5	-0.3	-0.4	-0.3
<b>Non-GAAP research and development expenses as a percentage of product sales</b> .....	<u>15.8 %</u>	<u>16.3 %</u>	<u>15.8 %</u>	<u>16.3 %</u>
<b>GAAP selling, general and administrative expenses</b> .....	\$ 1,295	\$ 1,260	\$ 2,611	\$ 2,414
Adjustments to selling, general and administrative expenses:				
Acquisition-related expenses (a).....	(30)	(5)	(59)	(9)
Certain net charges pursuant to our restructuring initiatives.....	—	1	—	—
<b>Total adjustments to selling, general and administrative expenses</b> .....	(30)	(4)	(59)	(9)
<b>Non-GAAP selling, general and administrative expenses</b> .....	<u>\$ 1,265</u>	<u>\$ 1,256</u>	<u>\$ 2,552</u>	<u>\$ 2,405</u>
<b>GAAP selling, general and administrative expenses as a percentage of product sales</b> .....	21.9 %	22.6 %	22.1 %	22.2 %
Acquisition-related expenses (a).....	-0.5	-0.1	-0.5	-0.1
Certain net charges pursuant to our restructuring initiatives.....	0.0	0.0	0.0	0.0
<b>Non-GAAP selling, general and administrative expenses as a percentage of product sales</b> .....	<u>21.4 %</u>	<u>22.5 %</u>	<u>21.6 %</u>	<u>22.1 %</u>
<b>GAAP operating expenses</b> .....	\$ 3,883	\$ 3,193	\$ 7,689	\$ 6,278
Adjustments to operating expenses:				
Adjustments to cost of sales.....	(730)	(276)	(1,472)	(552)
Adjustments to research and development expenses.....	(28)	(18)	(53)	(38)
Adjustments to selling, general and administrative expenses.....	(30)	(4)	(59)	(9)
Certain net charges pursuant to our restructuring initiatives.....	2	1	4	2
Certain other expenses (b).....	(138)	2	(165)	4
<b>Total adjustments to operating expenses</b> .....	(924)	(295)	(1,745)	(593)
<b>Non-GAAP operating expenses</b> .....	<u>\$ 2,959</u>	<u>\$ 2,898</u>	<u>\$ 5,944</u>	<u>\$ 5,685</u>
<b>GAAP operating income</b> .....	\$ 2,323	\$ 2,678	\$ 4,678	\$ 5,150
Adjustments to operating expenses.....	924	295	1,745	593
<b>Non-GAAP operating income</b> .....	<u>\$ 3,247</u>	<u>\$ 2,973</u>	<u>\$ 6,423</u>	<u>\$ 5,743</u>

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
<b>GAAP operating income as a percentage of product sales</b> .....	39.3 %	48.0 %	39.6 %	47.4 %
Adjustments to cost of sales.....	12.4	5.0	12.5	5.0
Adjustments to research and development expenses.....	0.5	0.3	0.4	0.3
Adjustments to selling, general and administrative expenses.....	0.5	0.1	0.5	0.1
Certain net charges pursuant to our restructuring initiatives.....	0.0	0.0	0.0	0.0
Certain other expenses (b).....	2.3	-0.1	1.4	0.1
<b>Non-GAAP operating income as a percentage of product sales</b> .....	<b>55.0 %</b>	<b>53.3 %</b>	<b>54.4 %</b>	<b>52.9 %</b>
<b>GAAP interest and other income, net</b> .....	<b>\$ 3</b>	<b>\$ 218</b>	<b>\$ 14</b>	<b>\$ 403</b>
Adjustments to interest and other income, net (c).....	(36)	—	(36)	—
<b>Non-GAAP interest and other income, net</b> .....	<b>\$ (33)</b>	<b>\$ 218</b>	<b>\$ (22)</b>	<b>\$ 403</b>
<b>GAAP income before income taxes</b> .....	<b>\$ 2,030</b>	<b>\$ 2,564</b>	<b>\$ 4,050</b>	<b>\$ 4,878</b>
Adjustments to operating expenses.....	924	295	1,745	593
Adjustments to other income.....	(36)	—	(36)	—
<b>Non-GAAP income before income taxes</b> .....	<b>\$ 2,918</b>	<b>\$ 2,859</b>	<b>\$ 5,759</b>	<b>\$ 5,471</b>
<b>GAAP provision for income taxes</b> .....	<b>\$ 227</b>	<b>\$ 385</b>	<b>\$ 422</b>	<b>\$ 707</b>
Adjustments to provision for income taxes:				
Income tax effect of the above adjustments (d).....	164	70	335	138
Other income tax adjustments (e).....	9	(19)	8	(27)
<b>Total adjustments to provision for income taxes</b> .....	<b>173</b>	<b>51</b>	<b>343</b>	<b>111</b>
<b>Non-GAAP provision for income taxes</b> .....	<b>\$ 400</b>	<b>\$ 436</b>	<b>\$ 765</b>	<b>\$ 818</b>
<b>GAAP tax as a percentage of income before taxes</b> .....	<b>11.2 %</b>	<b>15.0 %</b>	<b>10.4 %</b>	<b>14.5 %</b>
Adjustments to provision for income taxes:				
Income tax effect of the above adjustments (d).....	2.2	0.9	2.7	1.0
Other income tax adjustments (e).....	0.3	-0.6	0.2	-0.5
<b>Total adjustments to provision for income taxes</b> .....	<b>2.5</b>	<b>0.3</b>	<b>2.9</b>	<b>0.5</b>
<b>Non-GAAP tax as a percentage of income before taxes</b> .....	<b>13.7 %</b>	<b>15.3 %</b>	<b>13.3 %</b>	<b>15.0 %</b>
<b>GAAP net income</b> .....	<b>\$ 1,803</b>	<b>\$ 2,179</b>	<b>\$ 3,628</b>	<b>\$ 4,171</b>
Adjustments to net income:				
Adjustments to income before income taxes, net of the income tax effect.....	724	225	1,374	455
Other income tax adjustments (e).....	(9)	19	(8)	27
<b>Total adjustments to net income</b> .....	<b>715</b>	<b>244</b>	<b>1,366</b>	<b>482</b>
<b>Non-GAAP net income</b> .....	<b>\$ 2,518</b>	<b>\$ 2,423</b>	<b>\$ 4,994</b>	<b>\$ 4,653</b>

**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 per share:

	Three months ended June 30, 2020		Three months ended June 30, 2019	
	GAAP	Non-GAAP	GAAP	Non-GAAP
Net income.....	\$ 1,803	\$ 2,518	\$ 2,179	\$ 2,423
Weighted-average shares for diluted EPS	592	592	610	610
Diluted EPS.....	<u>\$ 3.05</u>	<u>\$ 4.25</u>	<u>\$ 3.57</u>	<u>\$ 3.97</u>
	Six months ended June 30, 2020		Six months ended June 30, 2019	
	GAAP	Non-GAAP	GAAP	Non-GAAP
Net income.....	\$ 3,628	\$ 4,994	\$ 4,171	\$ 4,653
Weighted-average shares for diluted EPS	593	593	618	618
Diluted EPS.....	<u>\$ 6.12</u>	<u>\$ 8.42</u>	<u>\$ 6.75</u>	<u>\$ 7.53</u>

- (a) The adjustments related primarily to noncash amortization of intangible assets from business acquisitions.
- (b) For the three months ended June 30, 2020 the adjustment related primarily to legal settlement expenses. For the six months ended June 30, 2020 the adjustment related primarily to legal settlement expenses and an impairment charge associated with an in-process research and development asset.
- (c) For the six months ended June 30, 2020 the adjustment related primarily to a gain from legal judgment proceeds offset partially by amortization of the basis difference from our BeiGene equity method investment.
- (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 initiatives, 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, 2020, were 18.5% and 19.6%, compared with 23.7% and 23.3% 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,	
	2020	2019	2020	2019
Net cash provided by operating activities.....	\$ 2,842	\$ 1,414	\$ 4,976	\$ 3,259
Net cash (used in) provided by investing activities.....	(2,159)	2,745	(2,389)	6,300
Net cash provided by (used in) financing activities.....	775	(5,992)	521	(10,979)
Increase (decrease) in cash and cash equivalents.....	1,458	(1,833)	3,108	(1,420)
Cash and cash equivalents at beginning of period.....	7,687	7,358	6,037	6,945
Cash and cash equivalents at end of period.....	<u>\$ 9,145</u>	<u>\$ 5,525</u>	<u>\$ 9,145</u>	<u>\$ 5,525</u>

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
Net cash provided by operating activities.....	\$ 2,842	\$ 1,414	\$ 4,976	\$ 3,259
Capital expenditures.....	(158)	(144)	(300)	(260)
Free cash flow.....	<u>\$ 2,684</u>	<u>\$ 1,270</u>	<u>\$ 4,676</u>	<u>\$ 2,999</u>

**Amgen Inc.**  
**Reconciliation of GAAP EPS Guidance to Non-GAAP**  
**EPS Guidance for the Year Ending December 31, 2020**  
(Unaudited)

<b>GAAP diluted EPS guidance</b> .....	\$ 10.73	—	\$ 11.43
<b>Known adjustments to arrive at non-GAAP*:</b>			
Acquisition-related expenses (a).....	4.24	—	4.29
Net legal proceedings.....		0.08	
<b>Non-GAAP diluted EPS guidance</b> .....	<u>\$ 15.10</u>	<u>—</u>	<u>\$ 15.75</u>

\* The known adjustments are presented net of their related tax impact, which amount to approximately \$1.07 - \$1.08 per share.

(a) The adjustments relate primarily to noncash amortization of intangible assets acquired in business acquisitions.

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 or our contingent consideration.

**Reconciliation of GAAP Tax Rate Guidance to Non-GAAP**  
**Tax Rate Guidance for the Year Ending December 31, 2020**  
(Unaudited)

GAAP tax rate guidance.....	10.5 %	—	11.5 %
Tax rate of known adjustments discussed above.....		3.0%	
Non-GAAP diluted EPS guidance.....	<u>13.5 %</u>	<u>—</u>	<u>14.5 %</u>