# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION
**Washington, D.C. 20549**

# FORM 8-K

## CURRENT REPORT

**Pursuant to Section 13 or 15(d) of**
**The Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported)**
**July 27, 2016**

# AMGEN INC.
**(Exact name of registrant as specified in its charter)**

| **Delaware** | **001-37702** | **95-3540776** |
|---|---|---|
| **(State or Other Jurisdiction of Incorporation)** | **(Commission File Number)** | **(IRS Employer Identification No.)** |

| **One Amgen Center Drive**<br>**Thousand Oaks, CA** | **91320-1799** |
|---|---|
| **(Address of principal executive offices)** | **(Zip Code)** |

**Registrant's telephone number, including area code**
**805-447-1000**

**N/A**
**(Former name or former address, if changed since last report)**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

**Item 2.02 Results of Operations and Financial Condition.**

On July 27, 2016, Amgen Inc. (the Company) issued a press release announcing its unaudited results of operations for the three and six months ended June 30, 2016, and its unaudited financial position as of June 30, 2016. The full text of the press release is furnished as Exhibit 99.1 hereto.

In its press release the Company included certain non-U.S. Generally Accepted Accounting Principles (GAAP) financial measures as defined in Regulation G promulgated by the Securities and Exchange Commission. The non-GAAP financial measures included in the press release are non-GAAP earnings per share, non-GAAP operating income, non-GAAP operating margin, non-GAAP tax rate, non-GAAP net income, non-GAAP operating expenses and sub-components of non-GAAP operating expenses such as non-GAAP cost of sales, non-GAAP research and development (R&D) expenses and non-GAAP selling, general and administrative expenses. Reconciliations for such non-GAAP financial measures to the most directly comparable GAAP financial measures are included in the press release. The Company also included Free Cash Flow (FCF), which 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 following is a summary of the costs and other items excluded from the most directly comparable GAAP financial measures to calculate non-GAAP financial measures:

- Acquisition-related expenses: Acquisition-related charges are primarily amortization of purchased intangible assets including developed product technology rights, licensing rights, R&D technology rights, and marketing-related rights purchased in connection with business acquisitions. The Company incurs charges related to the amortization of these intangibles, and those charges are included in the Company's Condensed Consolidated Financial Statements. Amortization charges for purchased intangible assets are significantly impacted by the timing and magnitude of the Company's acquisitions and product approval as it relates to in-process R&D projects acquired. Accordingly, these charges may vary in amount from period to period. The Company excludes these charges for purposes of calculating the non-GAAP financial measures presented to facilitate a more meaningful evaluation of the Company's current operating performance and comparisons to past operating performance. The Company believes that excluding the non-cash amortization of intangible assets acquired in business combinations treats those assets as if the Company had developed them internally in the past, and thus provides a supplemental measure of profitability in which the Company's acquired intellectual property is treated in a comparable manner to its internally developed intellectual property.
- Net charges pursuant to the Company's restructuring initiative: Restructuring costs are primarily related to facilities charges, including accelerated depreciation, and severance and benefits for employees terminated pursuant to the transformation and process improvement efforts. Restructuring costs are inconsistent in amount and are significantly impacted by the timing and nature of these events. Therefore, although the Company may incur these types of expenses in the future, it believes that eliminating these charges for purposes of calculating the non-GAAP financial measures provides a supplemental evaluation of the Company's current operating performance and facilitates comparisons to past operating performance.
- Other Items: The Company also adjusts GAAP financial results for expenses associated with judgments and/or settlements for legal proceedings discussed in our filings. The Company is excluding these expenses for the purpose of calculating the non-GAAP financial measures presented because the Company believes these items are outside the ordinary course of business. The Company believes eliminating these expenses provides a supplemental evaluation of the Company's current operating performance and facilitates comparisons to past operating performance.
- The tax effect of the adjustments between GAAP and non-GAAP results take 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.

The press release also contains a discussion of the additional purposes for which the Company's management uses these non-GAAP financial measures.

This information and the information contained in the press release shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section. The information in Item 2.02 of this Current Report is not incorporated by reference into any filings of the Company made under the Securities Act of 1933, as amended, whether made before or after the date of this Current Report, regardless of any general incorporation language in the filing unless specifically stated so therein.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits.

99.1 Press Release dated July 27, 2016

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMGEN INC.

Date: July 27, 2016

By: /s/ David W. Meline
Name: David W. Meline
Title: Executive Vice President and Chief Financial Officer

## EXHIBIT INDEX

| Exhibit Number | Document Description |
| --- | --- |
| 99.1 | Press release dated July 27, 2016 |

**Exhibit 99.1**

One Amgen Center Drive
Thousand Oaks, CA 91320-1799
Telephone 805-447-1000
www.amgen.com

***News Release***

## AMGEN REPORTS SECOND QUARTER 2016 FINANCIAL RESULTS

THOUSAND OAKS, Calif. (July 27, 2016) – Amgen (NASDAQ:AMGN) today announced financial results for the second quarter of 2016. Key results include:

- Revenues increased 6 percent versus the second quarter of 2015 to $5.7 billion.
  - Product sales grew 5 percent driven by Enbrel® (etanercept), Prolia® (denosumab), KYPROLIS® (carfilzomib) and XGEVA® (denosumab).
- GAAP earnings per share (EPS) increased 15 percent to $2.47 driven by higher revenues and higher operating margins.
  - GAAP operating income increased 15 percent to $2,380 million and GAAP operating margin improved by 3.8 percentage points to 43.5 percent.
- Non-GAAP EPS increased 11 percent to $2.84 driven by higher revenues and higher operating margins.
  - Non-GAAP operating income increased 10 percent to $2,812 million and non-GAAP operating margin improved by 2.6 percentage points to 51.4 percent.
- 2016 total revenues guidance increased to $22.5-$22.8 billion; EPS guidance increased to $9.55-$9.90 on a GAAP basis and $11.10-$11.40 on a non-GAAP basis.
- The Company generated $2.5 billion of free cash flow.

***"We delivered another strong quarter and are on track to meet or exceed our long-term objectives," said Robert A. Bradway, chairman and chief executive officer. "We are in the early stages of a new product launch cycle and have several additional pipeline opportunities rapidly nearing regulatory milestones."***

| $Millions, except EPS and percentages | Q2'16 | Q2'15 | YOY D |
|---|---|---|---|
| Total Revenues | $5,688 | $5,370 | 6% |
| GAAP Operating Income | $2,380 | $2,076 | 15% |
| GAAP Net Income | $1,870 | $1,653 | 13% |
| GAAP EPS | $ 2.47 | $ 2.15 | 15% |
| Non-GAAP Operating Income | $2,812 | $2,551 | 10% |
| Non-GAAP Net Income | $2,146 | $1,977 | 9% |
| Non-GAAP EPS | $ 2.84 | $ 2.57 | 11% |

*References in this release 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.*

**Product Sales Performance**

- **Total product sales** increased 5 percent for the second quarter of 2016 versus the second quarter of 2015. The increase was driven by ENBREL, Prolia, KYPROLIS and XGEVA.
- **ENBREL** sales increased 10 percent driven by net selling price, offset partially by the impact of competition.
- **Neulasta**® (pegfilgrastim) sales decreased 1 percent driven by lower unit demand, offset partially by net selling price in the United States (U.S.).
- **Aranesp**® **(**darbepoetin alfa) sales increased 5 percent. Unit demand grew due to a shift by some U.S. dialysis customers from EPOGEN® **(**epoetin alfa) to Aranesp. Unit demand growth was offset partially by unfavorable changes in inventory and net selling price.
- **Prolia** sales increased 30 percent driven by higher unit demand.
- **Sensipar/Mimpara**® **(**cinacalcet) sales increased 13 percent driven by net selling price and higher unit demand.
- **XGEVA** sales increased 15 percent driven mainly by higher unit demand and, to a lesser extent, net selling price.
- **EPOGEN** sales decreased 33 percent driven by the impact of competition and, to a lesser extent, a shift by some U.S. dialysis customers to Aranesp.
- **NEUPOGEN**® **(**filgrastim) sales decreased 23 percent driven by the impact of competition in the U.S.
- **KYPROLIS** sales increased 45 percent driven by higher unit demand.
- **Vectibix**® **(**panitumumab) sales were flat.
- **Nplate**® **(**romiplostim) sales increased 14 percent driven by higher unit demand.
- **BLINCYTO**® **(**blinatumomab) sales increased 76 percent driven by higher unit demand.

**Product Sales Detail by Product and Geographic Region**

| $Millions, except percentages | Q2'16 US | Q2'16 ROW | Q2'16 TOTAL | Q2'15 TOTAL | YOY D TOTAL |
|---|---|---|---|---|---|
| Enbrel® | $1,423 | $ 61 | $1,484 | $1,348 | 10% |
| Neulasta® | 962 | 187 | 1,149 | 1,158 | (1%) |
| Aranesp® | 260 | 244 | 504 | 479 | 5% |
| Prolia® | 286 | 155 | 441 | 340 | 30% |
| Sensipar® / Mimpara® | 303 | 86 | 389 | 344 | 13% |
| XGEVA® | 275 | 106 | 381 | 331 | 15% |
| EPOGEN® | 331 | 0 | 331 | 491 | (33%) |
| NEUPOGEN® | 141 | 55 | 196 | 256 | (23%) |
| KYPROLIS® | 142 | 30 | 172 | 119 | 45% |
| Vectibix® | 52 | 108 | 160 | 160 | 0% |
| Nplate® | 84 | 58 | 142 | 125 | 14% |
| BLINCYTO® | 21 | 9 | 30 | 17 | 76% |
| Repatha® | 20 | 7 | 27 | 0 | * |
| Other** | 17 | 51 | 68 | 57 | 19% |
| Total product sales | $4,317 | $1,157 | $5,474 | $5,225 | 5% |

* Not meaningful

** Other includes MN Pharma, Bergamo, IMLYGIC® and Corlanor®

**Operating Expense, Operating Margin and Tax Rate Analysis**

On a GAAP basis:

- **Cost of Sales** margin improved by 1.6 percentage points driven primarily by manufacturing efficiencies and higher net selling price. **Research & Development (R&D)** expenses decreased 7 percent driven primarily by transformation and process improvement efforts and lower spending required to support certain later-stage clinical programs. **Selling, General & Administrative (SG&A)** expenses increased 11 percent driven primarily by investments in new product launches. **Total Operating Expenses** were flat year-over-year, with all expense categories reflecting savings from our transformation and process improvement efforts.
- **Operating Margin** improved by 3.8 percentage points to 43.5 percent.
- **Tax Rate** decreased by 2.0 percentage points, reflecting discrete benefits associated with tax incentives and the adoption of Accounting Standards Update 2016-09, *Improvements to Employee Share-Based Payment Accounting* (ASU 2016-09), offset partially by unfavorable changes in the geographic mix of earnings.

On a non-GAAP basis:

- **Cost of Sales** margin improved by 1.6 percentage points driven primarily by manufacturing efficiencies and higher net selling price. **R&D** expenses decreased 4 percent driven primarily by transformation and process improvement efforts and lower spending required to support certain later-stage clinical programs. **SG&A** expenses increased 13 percent driven primarily by investments in new product launches. **Total Operating Expenses** increased 2 percent, with all expense categories reflecting savings from our transformation and process improvement efforts.
- **Operating Margin** improved by 2.6 percentage points to 51.4 percent.
- **Tax Rate** decreased by 1.4 percentage points, reflecting discrete benefits associated with tax incentives and the adoption of ASU 2016-09, offset partially by unfavorable changes in the geographic mix of earnings.

$Millions, except percentages

| | GAAP | | | Non-GAAP | | |
|---|---|---|---|---|---|---|
| | Q2'16 | Q2'15 | YOY D | Q2'16 | Q2'15 | YOY D |
| Cost of Sales | $1,050 | $1,089 | (4%) | $ 738 | $ 789 | (6%) |
| % of product sales | 19.2% | 20.8% | (1.6) pts. | 13.5% | 15.1% | (1.6) pts. |
| Research & Development | $ 900 | $ 964 | (7%) | $ 878 | $ 918 | (4%) |
| % of product sales | 16.4% | 18.4% | (2.0) pts. | 16.0% | 17.6% | (1.6) pts. |
| Selling, General & Administrative | $1,292 | $1,160 | 11% | $1,260 | $1,112 | 13% |
| % of product sales | 23.6% | 22.2% | 1.4 pts. | 23.0% | 21.3% | 1.7 pts. |
| Other | $ 66 | $ 81 | (19%) | $ 0 | $ 0 | 0% |
| **TOTAL Operating Expenses** | **$3,308** | **$3,294** | **0%** | **$2,876** | **$2,819** | **2%** |
| Operating Margin operating income as a % of product sales | 43.5% | 39.7% | 3.8 pts. | 51.4% | 48.8% | 2.6 pts. |
| **Tax Rate** | **15.2%** | **17.2%** | **(2.0) pts.** | **18.6%** | **20.0%** | **(1.4) pts.** |

pts: percentage points

**Cash Flow and Balance Sheet**

- The Company generated $2.5 billion of free cash flow in the second quarter of 2016 versus $3.2 billion in the second quarter of 2015. The decrease was driven by the timing of tax payments and the termination of foreign exchange forward contracts in the second quarter of 2015.
- The Company's third quarter 2016 dividend of $1.00 per share declared on July 22, 2016, will be paid on Sept. 8, 2016, to all stockholders of record as of Aug. 17, 2016.
- During the second quarter, the Company repurchased 3.9 million shares of common stock at a total cost of $591 million. At the end of the second quarter, the Company had $3.6 billion remaining under its stock repurchase authorization.

| $Billions, except shares | Q2'16 | Q2'15 | YOY D |
|---|---|---|---|
| Operating Cash Flow | $ 2.7 | $ 3.3 | ($ 0.6) |
| Capital Expenditures | 0.2 | 0.1 | 0.1 |
| Free Cash Flow | 2.5 | 3.2 | (0.7) |
| Dividends Paid | 0.8 | 0.6 | 0.2 |
| Share Repurchase | 0.6 | 0.5 | 0.1 |
| Avg. Diluted Shares (millions) | 756 | 768 | (12) |
| Cash and Investments | 35.0 | 30.0 | 5.0 |
| Debt Outstanding | 33.2 | 32.0 | 1.2 |
| Stockholders' Equity | 30.1 | 27.5 | 2.6 |

Note: Numbers may not add due to rounding

**2016 Guidance**

For the full year 2016, the Company now expects:

- **Total revenues** in the range of $22.5 billion to $22.8 billion.
  - Previously, the Company expected total revenues in the range of $22.2 billion to $22.6 billion.
- On a **GAAP basis, EPS** in the range of $9.55 to $9.90 and a **tax rate** in the range of 16.5 percent to 17.5 percent.
  - Previously, the Company expected GAAP EPS in the range of $9.34 to $9.74. Tax rate guidance is unchanged.
- On a **non-GAAP basis, EPS** in the range of $11.10 to $11.40 and a **tax rate** in the range of 19.0 percent to 20.0 percent.
  - Previously, the Company expected non-GAAP EPS in the range of $10.85 to $11.20. Tax rate guidance is unchanged.
- Capital expenditures to be approximately $700 million.

**Second Quarter Product and Pipeline Update**

Key development milestones:

| Clinical Program | Indication | Milestone |
|---|---|---|
| Repatha® (evolocumab) | Hyperlipidemia | Phase 3 coronary imaging data expected H2 2016<br>Phase 3 CV outcomes data expected Q1 2017* |
| KYPROLIS | Newly diagnosed multiple myeloma | Phase 3 data expected H2 2016* |
| BLINCYTO® | Pediatric Ph- R/R B-cell precursor ALL | FDA priority review |
| Parsabiv™ (etelcalcetide)† | Secondary hyperparathyroidism | Global regulatory reviews |
| XGEVA | Prevention of SREs in multiple myeloma | Phase 3 data expected H2 2016* |
| Romosozumab | Postmenopausal osteoporosis | US regulatory review<br>Global regulatory submissions |
| Erenumab (AMG 334) | Migraine Prophylaxis | Phase 3 episodic migraine data expected H2 2016 |
| ABP 215<br>(biosimilar bevacizumab) | Oncology | Global regulatory submissions |
| ABP 501<br>(biosimilar adalimumab) | Inflammatory diseases | Global regulatory reviews |
| ABP 980<br>(biosimilar trastuzumab) | Breast Cancer | Global regulatory submissions |

* *Event driven study; †Trade name provisionally approved by FDA; CV = cardiovascular; ALL = acute lymphoblastic leukemia*

The Company provided the following updates on selected product and pipeline programs:

**Repatha**

- In July, the U.S. Food and Drug Administration (FDA) approved the Repatha *Pushtronex*™ system (on-body infusor with prefilled cartridge) for monthly single-dose administration.
- Data from a Phase 3 study evaluating the effects of Repatha on atherosclerotic disease as measured by intravascular ultrasound are expected in H2 2016.
- Data from an event driven Phase 3 study evaluating the effects of Repatha on cardiovascular outcomes are expected in Q1 2017.

**KYPROLIS**

- In June, the European Commission approved an expanded indication for KYPROLIS, to be used in combination with dexamethasone alone, for adult patients with multiple myeloma who have received at least one prior therapy, based on the ENDEAVOR data.
- Data from the event driven Phase 3 CLARION study of KYPROLIS versus bortezomib in newly diagnosed, transplant ineligible multiple myeloma patients is expected in H2 2016.

**BLINCYTO**

- In May, FDA accepted for priority review the supplemental Biologics License Application for BLINCYTO to include new data supporting the treatment of pediatric and adolescent patients with Philadelphia chromosome-negative relapsed or refractory B-cell precursor acute lymphoblastic leukemia. The Prescription Drug User Fee Act target action date is Sept. 1, 2016.

**Romosozumab**

- In July, a Biologics License Application for romosozumab for the treatment of osteoporosis in postmenopausal women at increased risk for fracture was submitted to FDA.

**Erenumab**

- In June, a global Phase 2 study evaluating the efficacy and safety of erenumab in chronic migraine prevention met its primary endpoint.

**ABP 980**

- In July, the primary analysis was completed for a Phase 3 study evaluating the efficacy and safety of ABP 980 compared with trastuzumab in patients with human epidermal growth factor receptor 2-positive early breast cancer.

*Erenumab is developed in collaboration with Novartis*
*Romosozumab is developed in collaboration with UCB globally, as well as Astellas in Japan*

**Non-GAAP Financial Measures**

In this news release, management has presented its operating results for the second quarters of 2016 and 2015 in accordance with U.S. Generally Accepted Accounting Principles (GAAP) and on a non-GAAP basis. In addition, management has presented its full year 2016 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) for the second quarters of 2016 and 2015. 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.

**About Amgen**

Amgen is committed to unlocking the potential of biology for patients suffering from serious illnesses by discovering, developing, manufacturing and delivering innovative human therapeutics. This approach begins by using tools like advanced human genetics to unravel the complexities of disease and understand the fundamentals of human biology.

Amgen focuses on areas of high unmet medical need and leverages its expertise to strive for solutions that improve health outcomes and dramatically improve people's lives. A biotechnology pioneer since 1980, Amgen has grown to be one of the world's leading independent biotechnology companies, has reached millions of patients around the world and is developing a pipeline of medicines with breakaway potential.

For more information, visit www.amgen.com and follow us on www.twitter.com/amgen.

**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 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 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 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 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. 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 cannot be guaranteed and movement from concept to product is uncertain; consequently, there can be no guarantee that any particular product candidate 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. 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. We may not be able to access the capital and credit markets on terms that are favorable to us, or at all. We are increasingly dependent on information technology systems, infrastructure and data security. 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.

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CONTACT: Amgen, Thousand Oaks
Trish Hawkins, 805-447-5631 (media)
Arvind Sood, 805-447-1060 (investors)

**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 | 5,688 | 5,370 | 11,215 | 10,403 |
| 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 | 3,308 | 3,294 | 6,433 | 6,305 |
| Operating income | 2,380 | 2,076 | 4,782 | 4,098 |
| Interest expense, net | 313 | 277 | 607 | 529 |
| Interest and other income, net | 137 | 198 | 287 | 304 |
| Income before income taxes | 2,204 | 1,997 | 4,462 | 3,873 |
| Provision for income taxes | 334 | 344 | 692 | 597 |
| Net income | $1,870 | $1,653 | $ 3,770 | $ 3,276 |
| 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 | 760 | 753 | 761 |
| Diluted | 756 | 768 | 759 | 769 |

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

| | June 30, 2016 | December 31, 2015 |
|---|---|---|
| **Assets** | | |
| 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 | 42,947 | 38,515 |
| 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 | $75,471 | $ 71,449 |
| **Liabilities and Stockholders' Equity** | | |
| Current liabilities: | | |
| Accounts payable and accrued liabilities | $ 5,536 | $ 6,417 |
| Current portion of long-term debt | 5,294 | 2,247 |
| Total current liabilities | 10,830 | 8,664 |
| 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 | $75,471 | $ 71,449 |
| 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 |
| **GAAP cost of sales** | $1,050 | $1,089 | $2,068 | $2,122 |
| **Adjustments to cost of sales:** | | | | |
| Acquisition-related expenses **(a)** | (312) | (285) | (623) | (569) |
| Certain net charges pursuant to our restructuring initiative | — | (15) | — | (29) |
| **Total adjustments to cost of sales** | (312) | (300) | (623) | (598) |
| **Non-GAAP cost of sales** | $ 738 | $ 789 | $1,445 | $1,524 |
| **GAAP cost of sales as a percentage of product sales** | 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 |
| **Non-GAAP cost of sales as a percentage of product sales** | 13.5% | 15.1% | 13.5% | 15.1% |
| **GAAP research and development expenses** | $ 900 | $ 964 | $1,772 | $1,858 |
| **Adjustments to research and development expenses:** | | | | |
| Acquisition-related expenses **(a)** | (19) | (28) | (38) | (49) |
| Certain net charges pursuant to our restructuring initiative | (3) | (18) | 2 | (35) |
| **Total adjustments to research and development expenses** | (22) | (46) | (36) | (84) |
| **Non-GAAP research and development expenses** | $ 878 | $ 918 | $1,736 | $1,774 |
| **GAAP research and development expenses as a percentage of product sales** | 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 |
| **Non-GAAP research and development expenses as a percentage of product sales** | 16.0% | 17.6% | 16.2% | 17.6% |
| **GAAP selling, general and administrative expenses** | $1,292 | $1,160 | $2,495 | $2,186 |
| **Adjustments to selling, general and administrative expenses:** | | | | |
| Acquisition-related expenses **(b)** | (27) | (28) | (128) | (57) |
| Certain net charges pursuant to our restructuring initiative | (5) | (20) | (4) | (24) |
| **Total adjustments to selling, general and administrative expenses** | (32) | (48) | (132) | (81) |
| **Non-GAAP selling, general and administrative expenses** | $1,260 | $1,112 | $2,363 | $2,105 |
| **GAAP selling, general and administrative expenses as a percentage of product sales** | 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 |
| **Non-GAAP selling, general and administrative expenses as a percentage of product sales** | 23.0% | 21.3% | 22.1% | 20.8% |
| **GAAP operating expenses** | $3,308 | $3,294 | $6,433 | $6,305 |
| **Adjustments to operating expenses:** | | | | |
| 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) |
| **Total adjustments to operating expenses** | (432) | (475) | (889) | (902) |
| **Non-GAAP operating expenses** | $2,876 | $2,819 | $5,544 | $5,403 |
| **GAAP operating income** | $2,380 | $2,076 | $4,782 | $4,098 |
| Adjustments to operating expenses | 432 | 475 | 889 | 902 |
| **Non-GAAP operating income** | $2,812 | $2,551 | $5,671 | $5,000 |
| **GAAP operating income as a percentage of product sales** | 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 |
| **Non-GAAP operating income as a percentage of product sales** | 51.4% | 48.8% | 52.9% | 49.5% |
| **GAAP income before income taxes** | $2,204 | $1,997 | $4,462 | $3,873 |
| Adjustments to operating expenses | 432 | 475 | 889 | 902 |
| **Non-GAAP income before income taxes** | $2,636 | $2,472 | $5,351 | $4,775 |
| **GAAP provision for income taxes** | $ 334 | $ 344 | $ 692 | $ 597 |
| **Adjustments to provision for income taxes:** | | | | |

| | | | | |
|---|---|---|---|---|
| Income tax effect of the above adjustments to operating expenses **(d)** | 146 | 151 | 285 | 290 |
| Other income tax adjustments **(e)** | 10 | — | 25 | — |
| **Total adjustments to provision for income taxes** | 156 | 151 | 310 | 290 |
| **Non-GAAP provision for income taxes** | $ 490 | $ 495 | $1,002 | $ 887 |
| | | | | |
| **GAAP tax rate as a percentage of income before taxes** | 15.2% | 17.2% | 15.5% | 15.4% |
| **Adjustments to provision for income taxes:** | | | | |
| 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 |
| **Total adjustments to provision for income taxes** | 3.4 | 2.8 | 3.2 | 3.2 |
| **Non-GAAP tax rate as a percentage of income before taxes** | 18.6% | 20.0% | 18.7% | 18.6% |
| | | | | |
| **GAAP net income** | $1,870 | $1,653 | $3,770 | $3,276 |
| **Adjustments to net income:** | | | | |
| Adjustments to income before income taxes, net of the income tax effect | 286 | 324 | 604 | 612 |
| Other income tax adjustments **(e)** | (10) | — | (25) | — |
| **Total adjustments to net income** | 276 | 324 | 579 | 612 |
| **Non-GAAP net income** | $2,146 | $1,977 | $4,349 | $3,888 |

**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 | $ 2.47 | $ 2.84 | $ 2.15 | $ 2.57 |

| | 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 | $ 4.97 | $ 5.73 | $ 4.26 | $ 5.06 |

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

**(b)** For the three months ended June 20, 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®, XGEVA® and Vectibix® 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 June 30, | | Six months ended 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 June 30, | | Six months ended 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)**

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

***** 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)**

| | 2016 | | |
|---|---|---|---|
| **GAAP tax rate guidance** | 16.5% | - | 17.5% |
| Tax rate effect of known adjustments discussed above | | 2.5% | |
| **Non-GAAP tax rate guidance** | 19.0% | - | 20.0% |