

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

	Years Ended December 31,				
	2019	2018	2017	2016	2015
GAAP research and development expenses	\$ 4,116	\$ 3,737	\$ 3,562	\$ 3,840	\$ 4,070
Adjustments to research and development expenses:					
Acquisition-related expenses (a)	(87)	(78)	(77)	(78)	(89)
Certain net charges pursuant to our restructuring initiative (b)	(2)	(2)	(3)	(7)	(64)
Total adjustments to research and development expenses	<u>(89)</u>	<u>(80)</u>	<u>(80)</u>	<u>(85)</u>	<u>(153)</u>
Non-GAAP research and development expenses	<u>\$ 4,027</u>	<u>\$ 3,657</u>	<u>\$ 3,482</u>	<u>\$ 3,755</u>	<u>\$ 3,917</u>
GAAP operating income	\$ 9,674	\$ 10,263	\$ 9,973	\$ 9,794	\$ 8,470
Adjustments to operating income:					
Acquisition-related expenses (a)	1,438	1,557	1,594	1,510	1,377
Certain net charges pursuant to our restructuring and other cost savings initiatives (b)	45	12	88	37	114
Expense related to various legal proceedings	-	-	-	105	91
Other	-	25	3	-	-
Total adjustments to operating income	<u>1,483</u>	<u>1,594</u>	<u>1,685</u>	<u>1,652</u>	<u>1,582</u>
Non-GAAP operating income	<u>\$ 11,157</u>	<u>\$ 11,857</u>	<u>\$ 11,658</u>	<u>\$ 11,446</u>	<u>\$ 10,052</u>
GAAP operating income as a percentage of product sales	43.6%	45.5%	45.8%	44.7%	40.4%
Adjustments to operating income	6.6	7.1	7.7	7.6	7.6
Non-GAAP operating income as a percentage of product sales	<u>50.2%</u>	<u>52.6%</u>	<u>53.5%</u>	<u>52.3%</u>	<u>48.0%</u>
GAAP net income	\$ 7,842	\$ 8,394	\$ 1,979	\$ 7,722	\$ 6,939
Adjustments to net income:					
Adjustments to operating expenses	1,483	1,594	1,685	1,652	1,582
Adjustments to other income (c)	-	(68)	-	-	-
Income tax effect of the above adjustments (d)	(329)	(362)	(538)	(525)	(496)
Other income tax adjustments (e)	32	15	6,120	(64)	(71)
Total adjustments to net income	<u>1,186</u>	<u>1,179</u>	<u>7,267</u>	<u>1,063</u>	<u>1,015</u>
Non-GAAP net income	<u>\$ 9,028</u>	<u>\$ 9,573</u>	<u>\$ 9,246</u>	<u>\$ 8,785</u>	<u>\$ 7,954</u>
Weighted-average shares for GAAP diluted EPS	609	665	735	754	766
Weighted-average shares for Non-GAAP diluted EPS	609	665	735	754	766
GAAP diluted EPS	<u>\$ 12.88</u>	<u>\$ 12.62</u>	<u>\$ 2.69</u>	<u>\$ 10.24</u>	<u>\$ 9.06</u>
Non-GAAP diluted EPS	<u>\$ 14.82</u>	<u>\$ 14.40</u>	<u>\$ 12.58</u>	<u>\$ 11.65</u>	<u>\$ 10.38</u>

- (a) The adjustments related primarily to noncash amortization of intangible assets acquired in business combinations. For the years ended December 31, 2019, 2018 and 2017, the adjustments to operating income also included impairments of intangible assets acquired in 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) For the year ended December 31, 2018, the adjustment related to the net gain associated with the Kirin-Amgen share acquisition.
- (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.
- (e) The adjustments related to certain acquisition items and prior-period items excluded from GAAP earnings. For the year ended December 31, 2017, the adjustment 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.