



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.

Q4 and Full Year 2020 Financial Highlights:

- Total revenues in Q4 2020 increased 7% to \$6.6 billion in comparison to the fourth quarter of 2019, driven by higher volume growth, partially offset by lower net selling prices.
- For the full year, total revenues increased 9% to \$25.4 billion, driven by higher volume growth, partially offset by lower net selling prices and the effects of the COVID-19 pandemic.
- Non-GAAP EPS increased 5% in the fourth quarter to \$3.81 and 12% for the full year to \$16.60, driven by increased revenues, partially offset by increased operating expenses.
- The Company generated \$9.9 billion of free cash flow in 2020.
- 2021 total revenues guidance of \$25.8 - \$26.6 billion and 2021 non-GAAP EPS guidance of \$16.00 - \$17.00*

\$Millions, except EPS, dividends paid per share and percentages	Q4 '20	Q4 '19	YOY Δ	FY'20	FY'19	YOY Δ
Total Revenues	\$ 6,634	\$ 6,197	7%	\$25,424	\$ 23,362	9%
GAAP Operating Income	\$ 2,008	\$ 2,048	(2%)	\$ 9,139	\$ 9,674	(6%)
GAAP Net Income	\$ 1,615	\$ 1,703	(5%)	\$ 7,264	\$ 7,842	(7%)
GAAP EPS	\$ 2.76	\$ 2.85	(3%)	\$ 12.31	\$ 12.88	(4%)
Non-GAAP Operating Income	\$ 2,728	\$ 2,621	4%	\$12,334	\$ 11,157	11%
Non-GAAP Net Income	\$ 2,229	\$ 2,174	3%	\$ 9,795	\$ 9,028	8%
Non-GAAP EPS	\$ 3.81	\$ 3.64	5%	\$ 16.60	\$ 14.82	12%
Dividends Paid Per Share	\$ 1.60	\$ 1.45	10%	\$ 6.40	\$ 5.80	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 February 2, 2021, and are not being updated at this time. Amgen expressly disclaims any duty to update information contained in this newsletter.



MESSAGE FROM BOB BRADWAY, CEO

By any measure, 2020 was a very successful year for us. Despite the disruption of COVID-19, we delivered strong sales and earnings, driven by volume growth of 15% for our products.

We advanced our innovative pipeline, most notably sotorasib and tezepelumab, both of which have received Breakthrough Therapy Designation from the FDA. We successfully integrated Otezla, strengthening our decades-long leadership in inflammation with a product that we believe has runway for further global growth. We grew our sales outside the U.S., delivering on long-term goals by expanding our presence in China and Japan. We did all this while staying focused on the health and safety of our 24,000 employees around the world.

As we look to 2021, we're embracing three realities. First, COVID-19 is leading to some lasting changes in how we do business. For example, we expect to continue leveraging digital capabilities, call on customers and run clinical trials around the world with improved speed, efficiency and effectiveness. Second, we expect ongoing pressure on drug prices across the industry. We are fortunate to have products like Repatha, Prolia and Aimovig that meet the needs of millions of patients and can grow through increased penetration of the appropriate patient populations. Our industry-leading portfolio of biosimilars is also well positioned for the future. Third is capital continues to flow into our sector. We've entered a time of intense competition, where speed of execution is paramount. We've shown a track record of success with innovative first-in-class medicines like Repatha, the first approved PCSK9 inhibitor; and Aimovig, the first to the U.S. CGRP market. Speed of execution is evident again today with sotorasib, the first KRAS G12C inhibitor to be filed for approval, just 28 months after we dosed our first patient.

In summary, our success in 2020 gives me great confidence in our ability to deliver in 2021 and beyond. The world needs more innovation, not less, and we have proven ourselves ready, willing and able to provide it.



AMGEN MISSION

To serve patients

AMGEN QUICK FACTS

Headquarters

Thousand Oaks, California

Staff

Approximately 24,300 worldwide

Stock Listing

NASDAQ: AMGN

Chairman, CEO and President

Robert A. Bradway

2020 Financial Highlights

Total revenue: \$25.4 billion

Non-GAAP R&D expense: \$4.1 billion

Free Cash Flow: \$9.9 billion

AMGEN PRODUCTS

Aimovig® (erenumab-aooe)

AMGEVITA™ (adalimumab)

Aranesp® (darbepoetin alfa)

AVSOLA® (infliximab-axxq)

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)

RIABNI™ (rituximab-arrx)

Sensipar® (cinacalcet)

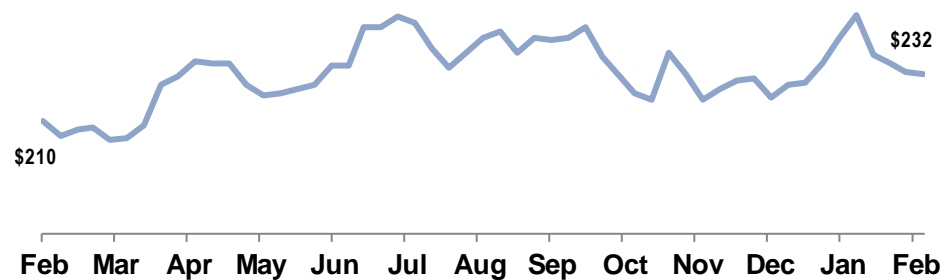
Vectibix® (panitumumab)

XGEVA® (denosumab)

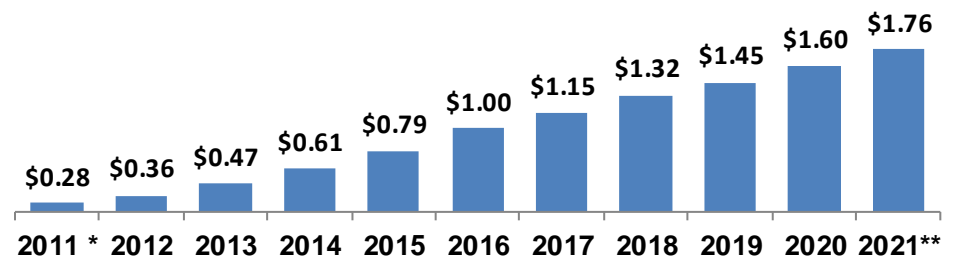
For product information, including important safety information, visit www.amgen.com.

Stock Price Performance (Last 12 Months)

Source: NASDAQ
(data from 2/25/20 through 2/23/21)



Quarterly Per Share Dividend History



* Dividend initiated in September 2011

** Represents Q1 dividend to be paid on March 8, 2021 to all stockholders of record as of the close of business on February 15, 2021

Key News:

Sotorasib: A differentiated first-in-class KRAS^{G12C} inhibitor advancing rapidly through development

- First in the clinic
- First completed pivotal study
- First robust PFS and DOR benefits
- First global regulatory submissions
- Broadest and largest global program
 - > 700 patients with 13 tumor types enrolled across five continents
 - 10 Phase 1b combination cohorts—initial data expected in H1 '21
- Differentiated safety profile with no treatment-related fatalities—most AEs mild to moderate
- Only once-daily oral dosing option

KRAS G12C = Kirsten rat sarcoma viral oncogene homolog with G12C mutation; PFS = progression-free survival; DOR = duration of response; AE = adverse event

QUESTIONS?

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Non-GAAP Financial Measures

In this news release, management has presented its operating results for the fourth quarters and full years 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 2021 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 fourth quarters and full years 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.

Beginning January 1, 2021, we began to exclude the gains and losses on our investments in equity securities from our non-GAAP measures that are recorded to interest and other income. This exclusion will not apply to our share of the earnings and losses of our strategic investments in corporations accounted for under the equity method of accounting, such as our investment in BeiGene. The Company will be excluding gains and losses from equity investments for the purpose of calculating the non-GAAP financial measures presented because the Company believes the results of such gains and losses are not representative of our normal business operations. We are making this change beginning in 2021 because, as we have increased our investments in these companies, we recognized that the resulting variability can impede comparability between periods of our financial performance for our ongoing business operations.

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 BeiGene, Ltd. or any collaboration to manufacture therapeutic antibodies against COVID-19, or the Otezla® (apremilast) 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. Global economic conditions may magnify certain risks that affect our business. 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,		Twelve months ended December 31,	
	2020	2019	2020	2019
Revenues:				
Product sales.....	\$ 6,334	\$ 5,881	\$ 24,240	\$ 22,204
Other revenues.....	300	316	1,184	1,158
Total revenues.....	<u>6,634</u>	<u>6,197</u>	<u>25,424</u>	<u>23,362</u>
Operating expenses:				
Cost of sales.....	1,597	1,253	6,159	4,356
Research and development.....	1,229	1,312	4,207	4,116
Selling, general and administrative.....	1,773	1,513	5,730	5,150
Other.....	27	71	189	66
Total operating expenses.....	<u>4,626</u>	<u>4,149</u>	<u>16,285</u>	<u>13,688</u>
Operating income.....	2,008	2,048	9,139	9,674
Interest expense, net.....	318	301	1,262	1,289
Interest and other income, net.....	<u>187</u>	<u>236</u>	<u>256</u>	<u>753</u>
Income before income taxes.....	1,877	1,983	8,133	9,138
Provision for income taxes.....	<u>262</u>	<u>280</u>	<u>869</u>	<u>1,296</u>
Net income.....	<u>\$ 1,615</u>	<u>\$ 1,703</u>	<u>\$ 7,264</u>	<u>\$ 7,842</u>
Earnings per share:				
Basic.....	\$ 2.78	\$ 2.87	\$ 12.40	\$ 12.96
Diluted.....	\$ 2.76	\$ 2.85	\$ 12.31	\$ 12.88
Weighted-average shares used in calculation of earnings per share:				
Basic.....	581	593	586	605
Diluted.....	585	598	590	609

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

	December 31, 2020 (Unaudited)	December 31, 2019
Assets		
Current assets:		
Cash, cash equivalents and marketable securities	\$ 10,647	\$ 8,911
Trade receivables, net	4,525	4,057
Inventories	3,893	3,584
Other current assets	2,079	1,888
Total current assets	21,144	18,440
Property, plant and equipment, net	4,889	4,928
Intangible assets, net	16,587	19,413
Goodwill	14,689	14,703
Other assets	5,639	2,223
Total assets	<u>\$ 62,948</u>	<u>\$ 59,707</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 11,562	\$ 9,882
Current portion of long-term debt	91	2,953
Total current liabilities	11,653	12,835
Long-term debt	32,895	26,950
Long-term tax liabilities	6,968	8,037
Other noncurrent liabilities	2,023	2,212
Total stockholders' equity	9,409	9,673
Total liabilities and stockholders' equity	<u>\$ 62,948</u>	<u>\$ 59,707</u>
Shares outstanding	578	591

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

	Three months ended December 31,		Twelve months ended December 31,	
	2020	2019	2020	2019
GAAP cost of sales	\$ 1,597	\$ 1,253	\$ 6,159	\$ 4,356
Adjustments to cost of sales:				
Acquisition-related expenses (a).....	(638)	(463)	(2,797)	(1,291)
Non-GAAP cost of sales	<u>\$ 959</u>	<u>\$ 790</u>	<u>\$ 3,362</u>	<u>\$ 3,065</u>
GAAP cost of sales as a percentage of product sales	25.2 %	21.3 %	25.4 %	19.6 %
Acquisition-related expenses (a).....	-10.1	-7.9	-11.5	-5.8
Non-GAAP cost of sales as a percentage of product sales	<u>15.1 %</u>	<u>13.4 %</u>	<u>13.9 %</u>	<u>13.8 %</u>
GAAP research and development expenses	\$ 1,229	\$ 1,312	\$ 4,207	\$ 4,116
Adjustments to research and development expenses:				
Acquisition-related expenses (a).....	(43)	(25)	(120)	(87)
Certain net charges pursuant to our restructuring initiatives.....	(1)	(2)	(2)	(2)
Total adjustments to research and development expenses	<u>(44)</u>	<u>(27)</u>	<u>(122)</u>	<u>(89)</u>
Non-GAAP research and development expenses	<u>\$ 1,185</u>	<u>\$ 1,285</u>	<u>\$ 4,085</u>	<u>\$ 4,027</u>
GAAP research and development expenses as a percentage of product sales	19.4 %	22.3 %	17.4 %	18.5 %
Acquisition-related expenses (a).....	-0.7	-0.4	-0.5	-0.4
Certain net charges pursuant to our restructuring initiatives.....	0.0	0.0	0.0	0.0
Non-GAAP research and development expenses as a percentage of product sales	<u>18.7 %</u>	<u>21.9 %</u>	<u>16.9 %</u>	<u>18.1 %</u>
GAAP selling, general and administrative expenses	\$ 1,773	\$ 1,513	\$ 5,730	\$ 5,150
Adjustments to selling, general and administrative expenses:				
Acquisition-related expenses (a).....	(11)	(12)	(85)	(38)
Certain net charges pursuant to our restructuring initiatives.....	—	—	—	1
Other.....	—	—	(2)	—
Total adjustments to selling, general and administrative expenses	<u>(11)</u>	<u>(12)</u>	<u>(87)</u>	<u>(37)</u>
Non-GAAP selling, general and administrative expenses	<u>\$ 1,762</u>	<u>\$ 1,501</u>	<u>\$ 5,643</u>	<u>\$ 5,113</u>
GAAP selling, general and administrative expenses as a percentage of product sales	28.0 %	25.7 %	23.6 %	23.2 %
Acquisition-related expenses (a).....	-0.2	-0.2	-0.3	-0.2
Certain net charges pursuant to our restructuring initiatives.....	0.0	0.0	0.0	0.0
Other.....	0.0	0.0	0.0	0.0
Non-GAAP selling, general and administrative expenses as a percentage of product sales	<u>27.8 %</u>	<u>25.5 %</u>	<u>23.3 %</u>	<u>23.0 %</u>
GAAP operating expenses	\$ 4,626	\$ 4,149	\$ 16,285	\$ 13,688
Adjustments to operating expenses:				
Adjustments to cost of sales.....	(638)	(463)	(2,797)	(1,291)
Adjustments to research and development expenses.....	(44)	(27)	(122)	(89)
Adjustments to selling, general and administrative expenses.....	(11)	(12)	(87)	(37)
Certain net charges pursuant to our restructuring initiatives.....	1	(46)	5	(44)
Certain other expenses (b).....	(28)	(25)	(194)	(22)
Total adjustments to operating expenses	<u>(720)</u>	<u>(573)</u>	<u>(3,195)</u>	<u>(1,483)</u>
Non-GAAP operating expenses	<u>\$ 3,906</u>	<u>\$ 3,576</u>	<u>\$ 13,090</u>	<u>\$ 12,205</u>
GAAP operating income	\$ 2,008	\$ 2,048	\$ 9,139	\$ 9,674
Adjustments to operating expenses.....	720	573	3,195	1,483
Non-GAAP operating income	<u>\$ 2,728</u>	<u>\$ 2,621</u>	<u>\$ 12,334</u>	<u>\$ 11,157</u>

	Three months ended December 31,		Twelve months ended December 31,	
	2020	2019	2020	2019
GAAP operating income as a percentage of product sales	31.7 %	34.8 %	37.7 %	43.6 %
Adjustments to cost of sales	10.1	7.9	11.5	5.8
Adjustments to research and development expenses	0.7	0.4	0.5	0.4
Adjustments to selling, general and administrative expenses	0.2	0.2	0.4	0.2
Certain net charges pursuant to our restructuring initiatives	0.0	0.8	0.0	0.2
Certain other expenses (b)	0.4	0.5	0.8	0.0
Non-GAAP operating income as a percentage of product sales	43.1 %	44.6 %	50.9 %	50.2 %
GAAP interest and other income, net	\$ 187	\$ 236	\$ 256	\$ 753
Adjustments to interest and other income, net (c)	37	—	37	—
Non-GAAP interest and other income, net	\$ 224	\$ 236	\$ 293	\$ 753
GAAP income before income taxes	\$ 1,877	\$ 1,983	\$ 8,133	\$ 9,138
Adjustments to operating expenses	720	573	3,195	1,483
Adjustments to interest and other income, net	37	—	37	—
Non-GAAP income before income taxes	\$ 2,634	\$ 2,556	\$ 11,365	\$ 10,621
GAAP provision for income taxes	\$ 262	\$ 280	\$ 869	\$ 1,296
Adjustments to provision for income taxes:				
Income tax effect of the above adjustments (d)	139	99	634	329
Other income tax adjustments (e)	4	3	67	(32)
Total adjustments to provision for income taxes	143	102	701	297
Non-GAAP provision for income taxes	\$ 405	\$ 382	\$ 1,570	\$ 1,593
GAAP tax as a percentage of income before taxes	14.0 %	14.1 %	10.7 %	14.2 %
Adjustments to provision for income taxes:				
Income tax effect of the above adjustments (d)	1.3	0.7	2.5	1.1
Other income tax adjustments (e)	0.1	0.1	0.6	-0.3
Total adjustments to provision for income taxes	1.4	0.8	3.1	0.8
Non-GAAP tax as a percentage of income before taxes	15.4 %	14.9 %	13.8 %	15.0 %
GAAP net income	\$ 1,615	\$ 1,703	\$ 7,264	\$ 7,842
Adjustments to net income:				
Adjustments to income before income taxes, net of the income tax effect	618	474	2,598	1,154
Other income tax adjustments (e)	(4)	(3)	(67)	32
Total adjustments to net income	614	471	2,531	1,186
Non-GAAP net income	\$ 2,229	\$ 2,174	\$ 9,795	\$ 9,028

Note: Numbers may not add due to rounding

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 December 31, 2020		Three months ended December 31, 2019	
	GAAP	Non-GAAP	GAAP	Non-GAAP
Net income.....	\$ 1,615	\$ 2,229	\$ 1,703	\$ 2,174
Weighted-average shares for diluted EPS	585	585	598	598
Diluted EPS.....	<u>\$ 2.76</u>	<u>\$ 3.81</u>	<u>\$ 2.85</u>	<u>\$ 3.64</u>
	Year ended December 31, 2020		Year ended December 31, 2019	
	GAAP	Non-GAAP	GAAP	Non-GAAP
Net income.....	\$ 7,264	\$ 9,795	\$ 7,842	\$ 9,028
Weighted-average shares for diluted EPS	590	590	609	609
Diluted EPS.....	<u>\$ 12.31</u>	<u>\$ 16.60</u>	<u>\$ 12.88</u>	<u>\$ 14.82</u>

- (a) The adjustments related primarily to noncash amortization of intangible assets from business acquisitions.
- (b) For the three and twelve months ended December 31, 2020, the adjustments related primarily to legal matters. For the three and twelve months ended December 31, 2019, the adjustments related primarily to an impairment charge associated with a nonkey in-process research and development asset.
- (c) For the three and twelve months ended December 31, 2020, the adjustments related to the amortization of the basis difference from our BeiGene equity method investment. For the twelve months ended December 31, 2020, the adjustment was partially offset by a gain from legal judgment proceeds.
- (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 twelve months ended December 31, 2020, were 18.4% and 19.6%, compared with 17.3% and 22.2% 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 December 31,		Twelve months ended December 31,	
	2020	2019	2020	2019
Net cash provided by operating activities.....	\$ 2,153	\$ 2,514	\$ 10,497	\$ 9,150
Net cash (used in) provided by investing activities.....	(1,384)	(5,963)	(5,401)	5,709
Net cash used in financing activities.....	(3,590)	(1,929)	(4,867)	(15,767)
(Decrease) increase in cash and cash equivalents.....	(2,821)	(5,378)	229	(908)
Cash and cash equivalents at beginning of period.....	9,087	11,415	6,037	6,945
Cash and cash equivalents at end of period.....	<u>\$ 6,266</u>	<u>\$ 6,037</u>	<u>\$ 6,266</u>	<u>\$ 6,037</u>

	Three months ended December 31,		Twelve months ended December 31,	
	2020	2019	2020	2019
Net cash provided by operating activities.....	\$ 2,153	\$ 2,514	\$ 10,497	\$ 9,150
Capital expenditures.....	(173)	(188)	(608)	(618)
Free cash flow.....	<u>\$ 1,980</u>	<u>\$ 2,326</u>	<u>\$ 9,889</u>	<u>\$ 8,532</u>

Amgen Inc.
Reconciliation of GAAP EPS Guidance to Non-GAAP
EPS Guidance for the Year Ending December 31, 2021
(Unaudited)

GAAP diluted EPS guidance	\$ 12.12	—	\$ 13.17
Known adjustments to arrive at non-GAAP*:			
Acquisition-related expenses (a).....	3.77	—	3.82
Restructuring costs.....		0.06	
Non-GAAP diluted EPS guidance.....	<u>\$ 16.00</u>	<u>—</u>	<u>\$ 17.00</u>

* The known adjustments are presented net of their related tax impact, which amount to approximately \$0.99 - \$1.00 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, changes in the fair value of our contingent consideration and changes in fair value of our equity investments.

Reconciliation of GAAP Tax Rate Guidance to Non-GAAP
Tax Rate Guidance for the Year Ending December 31, 2021
(Unaudited)

GAAP tax rate guidance.....	11.0 %	—	12.5 %
Tax rate of known adjustments discussed above.....	1.5 %	—	2.0 %
Non-GAAP tax rate guidance.....	<u>13.0 %</u>	<u>—</u>	<u>14.0 %</u>

Reconciliation of 2020 Non-GAAP Financial Information As Reported to Updated Non-GAAP Policy
2020 Non-GAAP Financial Results - Excluding gains and losses from equity investments
(Unaudited)

Effective January 2021, we began to exclude the gains and losses on our investments in equity securities from our non-GAAP measures that are recorded to Interest and other income, net pursuant to an update to our non-GAAP policy. This policy update excludes our share of the earnings and losses of our strategic investments in corporations accounted for under the equity method of accounting, such as our investment in BeiGene. This updated non-GAAP policy will become the basis for our comparisons going forward in 2021 and is reflected in our 2021 guidance. The reconciliations below show the effects of the application of the new policy as if it had been adopted at the beginning of 2020.

\$Millions, except EPS	Q1'20	Q2'20	Q3'20	Q4'20	FY'20
Net income (as reported).....	\$2,476	\$2,518	\$2,572	\$2,229	\$9,795
Equity securities losses (gains).....	39	(44)	(134)	(265)	(404)
Tax impact.....	(9)	10	29	58	88
Net income (adjusted).....	<u>\$2,506</u>	<u>\$2,484</u>	<u>\$2,467</u>	<u>\$2,022</u>	<u>\$9,479</u>
Diluted shares.....	594	592	589	585	590
Diluted EPS (as reported).....	\$4.17	\$4.25	\$4.37	\$3.81	\$16.60
Diluted EPS (adjusted).....	\$4.22	\$4.20	\$4.19	\$3.46	\$16.07