

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

	Three months ended		Years ended	
	December 31,		December 31,	
	2015	2014	2015	2014
Revenues:				
Product sales.....	\$ 5,329	\$ 5,174	\$ 20,944	\$ 19,327
Other revenues.....	207	157	718	736
Total revenues.....	<u>5,536</u>	<u>5,331</u>	<u>21,662</u>	<u>20,063</u>
Operating expenses:				
Cost of sales.....	1,071	1,183	4,227	4,422
Research and development.....	1,093	1,234	4,070	4,297
Selling, general and administrative.....	1,416	1,327	4,846	4,699
Other.....	(77)	128	49	454
Total operating expenses.....	<u>3,503</u>	<u>3,872</u>	<u>13,192</u>	<u>13,872</u>
Operating income.....	2,033	1,459	8,470	6,191
Interest expense, net.....	284	261	1,095	1,071
Interest and other income, net.....	<u>164</u>	<u>88</u>	<u>603</u>	<u>465</u>
Income before income taxes.....	1,913	1,286	7,978	5,585
Provision for income taxes.....	<u>113</u>	<u>(8)</u>	<u>1,039</u>	<u>427</u>
Net income.....	<u>\$ 1,800</u>	<u>\$ 1,294</u>	<u>\$ 6,939</u>	<u>\$ 5,158</u>
Earnings per share:				
Basic.....	\$ 2.39	\$ 1.70	\$ 9.15	\$ 6.80
Diluted.....	\$ 2.37	\$ 1.68	\$ 9.06	\$ 6.70
Weighted average shares used in calculation of earnings per share:				
Basic.....	754	761	758	759
Diluted.....	761	772	766	770

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

	<u>December 31,</u> <u>2015</u>	<u>December 31,</u> <u>2014</u>
Assets		
Current assets:		
Cash, cash equivalents and marketable securities.....	\$ 31,382	\$ 27,026
Trade receivables, net.....	2,995	2,546
Inventories.....	2,435	2,647
Other current assets.....	1,706	2,494
Total current assets.....	<u>38,518</u>	<u>34,713</u>
Property, plant and equipment, net.....	4,907	5,223
Intangible assets, net.....	11,641	12,693
Goodwill.....	14,787	14,788
Other assets.....	1,723	1,592
Total assets.....	<u>\$ 71,576</u>	<u>\$ 69,009</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities.....	\$ 6,417	\$ 6,508
Current portion of long-term debt.....	<u>2,250</u>	<u>500</u>
Total current liabilities.....	8,667	7,008
Long-term debt.....	29,306	30,215
Long-term deferred tax liability.....	2,239	3,461
Other noncurrent liabilities.....	3,281	2,547
Stockholders' equity.....	<u>28,083</u>	<u>25,778</u>
Total liabilities and stockholders' equity.....	<u>\$ 71,576</u>	<u>\$ 69,009</u>
Shares outstanding.....	754	760

Amgen Inc.
GAAP to Adjusted Reconciliations
(In millions)
(Unaudited)

	Three months ended		Years ended	
	December 31,		December 31,	
	2015	2014	2015	2014
GAAP cost of sales	\$ 1,071	\$ 1,183	\$ 4,227	\$ 4,422
Adjustments to cost of sales:				
Acquisition-related expenses (a)	(297)	(279)	(1,142)	(1,249)
Certain charges pursuant to our restructuring initiative	(10)	(76)	(52)	(104)
Stock option expense	-	(3)	-	(10)
Total adjustments to cost of sales	<u>(307)</u>	<u>(358)</u>	<u>(1,194)</u>	<u>(1,363)</u>
Adjusted cost of sales	<u>\$ 764</u>	<u>\$ 825</u>	<u>\$ 3,033</u>	<u>\$ 3,059</u>
GAAP research and development expenses	\$ 1,093	\$ 1,234	\$ 4,070	\$ 4,297
Adjustments to research and development expenses:				
Acquisition-related expenses (b)	(20)	(32)	(89)	(124)
Certain charges pursuant to our restructuring initiative	(16)	(34)	(64)	(49)
Stock option expense	-	-	-	(3)
Total adjustments to research and development expenses	<u>(36)</u>	<u>(66)</u>	<u>(153)</u>	<u>(176)</u>
Adjusted research and development expenses	<u>\$ 1,057</u>	<u>\$ 1,168</u>	<u>\$ 3,917</u>	<u>\$ 4,121</u>
GAAP selling, general and administrative expenses	\$ 1,416	\$ 1,327	\$ 4,846	\$ 4,699
Adjustments to selling, general and administrative expenses:				
Acquisition-related expenses (b)	(46)	(32)	(130)	(150)
Certain charges pursuant to our restructuring initiative	(21)	(6)	(56)	(9)
Expense resulting from clarified guidance on branded prescription drug fee (c)	-	16	-	(129)
Stock option expense	-	-	-	(3)
Total adjustments to selling, general and administrative expenses	<u>(67)</u>	<u>(22)</u>	<u>(186)</u>	<u>(291)</u>
Adjusted selling, general and administrative expenses	<u>\$ 1,349</u>	<u>\$ 1,305</u>	<u>\$ 4,660</u>	<u>\$ 4,408</u>
GAAP operating expenses	\$ 3,503	\$ 3,872	\$ 13,192	\$ 13,872
Adjustments to operating expenses:				
Adjustments to cost of sales	(307)	(358)	(1,194)	(1,363)
Adjustments to research and development expenses	(36)	(66)	(153)	(176)
Adjustments to selling, general and administrative expenses	(67)	(22)	(186)	(291)
Certain net charges pursuant to our restructuring and other cost savings initiatives (d)	99	(66)	58	(434)
(Expense)/Benefit related to various legal proceedings	(18)	-	(91)	3
(Expense)/Benefit resulting from changes in the estimated fair values of the contingent consideration obligations related to prior year business combinations	(9)	(17)	8	30
Write-off of non-key assets acquired in a prior year business combination	-	(46)	(28)	(46)
Other (e)	5	1	4	(7)
Total adjustments to operating expenses	<u>(333)</u>	<u>(574)</u>	<u>(1,582)</u>	<u>(2,284)</u>
Adjusted operating expenses	<u>\$ 3,170</u>	<u>\$ 3,298</u>	<u>\$ 11,610</u>	<u>\$ 11,588</u>
GAAP operating income	\$ 2,033	\$ 1,459	\$ 8,470	\$ 6,191
Adjustments to operating expenses	333	574	1,582	2,284
Adjusted operating income	<u>\$ 2,366</u>	<u>\$ 2,033</u>	<u>\$ 10,052</u>	<u>\$ 8,475</u>
GAAP income before income taxes	\$ 1,913	\$ 1,286	\$ 7,978	\$ 5,585
Adjustments to operating expenses	333	574	1,582	2,284
Adjusted income before income taxes	<u>\$ 2,246</u>	<u>\$ 1,860</u>	<u>\$ 9,560</u>	<u>\$ 7,869</u>
GAAP provision for income taxes	\$ 113	\$ (8)	\$ 1,039	\$ 427
Adjustments to provision for income taxes:				
Income tax effect of the above adjustments (f)	92	187	496	717
Other income tax adjustments (g)	56	11	71	25
Total adjustments to provision for income taxes	<u>148</u>	<u>198</u>	<u>567</u>	<u>742</u>
Adjusted provision for income taxes	<u>\$ 261</u>	<u>\$ 190</u>	<u>\$ 1,606</u>	<u>\$ 1,169</u>
GAAP net income	\$ 1,800	\$ 1,294	\$ 6,939	\$ 5,158
Adjustments to net income:				
Adjustments to income before income taxes, net of the income tax effect of the above adjustments	241	387	1,086	1,567
Other income tax adjustments (g)	(56)	(11)	(71)	(25)
Total adjustments to net income	<u>185</u>	<u>376</u>	<u>1,015</u>	<u>1,542</u>
Adjusted net income	<u>\$ 1,985</u>	<u>\$ 1,670</u>	<u>\$ 7,954</u>	<u>\$ 6,700</u>

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

The following table presents the computations for GAAP and Adjusted diluted EPS.

	Three months ended		Three months ended	
	December 31, 2015		December 31, 2014	
	GAAP	Adjusted	GAAP	Adjusted
Net income.....	\$ 1,800	\$ 1,985	\$ 1,294	\$ 1,670
Weighted-average shares for diluted EPS.....	761	761	772	772
Diluted EPS.....	<u>\$ 2.37</u>	<u>\$ 2.61</u>	<u>\$ 1.68</u>	<u>\$ 2.16</u>
	Year ended		Year ended	
	December 31, 2015		December 31, 2014	
	GAAP	Adjusted	GAAP	Adjusted
Net income.....	\$ 6,939	\$ 7,954	\$ 5,158	\$ 6,700
Weighted-average shares for diluted EPS.....	766	766	770	770
Diluted EPS.....	<u>\$ 9.06</u>	<u>\$ 10.38</u>	<u>\$ 6.70</u>	<u>\$ 8.70</u>

- (a) The adjustments related primarily to non-cash amortization of intangible assets, including developed product technology rights, acquired in business combinations.
- (b) The adjustments related primarily to non-cash amortization of intangible assets acquired in business combinations.
- (c) The adjustments related to the Internal Revenue Service issuing final regulations that required the recognition of an additional year of the non-tax deductible branded prescription drug fee.
- (d) The adjustments for the three months ended December 31, 2015, related primarily to a gain recognized on the sale of assets related to our site closures. The adjustments for the year ended December 31, 2015, related primarily to gains recognized on the sale of assets related to our site closures, partially offset by severance expenses. The 2014 adjustments related primarily to severance expenses.
- (e) The adjustments related to various acquisition-related items.
- (f) The tax effect of the adjustments between our GAAP and Adjusted results takes into account the tax treatment and related tax rate(s) that apply to each adjustment in the applicable tax jurisdiction(s). Generally, this results in a tax impact at the U.S. marginal tax rate for certain adjustments, including the majority of amortization of intangible assets, whereas the tax impact of other adjustments, including restructuring expense, depends on whether the amounts are deductible in the respective tax jurisdictions and the applicable tax rate(s) in those jurisdictions. Due to these factors, the effective tax rates for the adjustments to our GAAP income before income taxes, for the three months and year ended December 31, 2015, were 27.6% and 31.4%, respectively, compared with 32.6% and 31.4% for the corresponding periods of the prior year.
- (g) The adjustments related primarily to certain prior period items excluded from adjusted earnings.

Amgen Inc.
Reconciliations of Free Cash Flow
(In millions)
(Unaudited)

	Three months ended December 31,		Years ended December 31,	
	2015	2014	2015	2014
Operating Cash Flow.....	\$ 2,060	\$ 2,445	\$ 9,077	\$ 8,555
Capital Expenditures.....	(205)	(203)	(594)	(718)
Free Cash Flow.....	\$ 1,855	\$ 2,242	\$ 8,483	\$ 7,837

**Reconciliation of GAAP EPS Guidance to Adjusted
EPS Guidance for the Year Ending December 31, 2016**
(Unaudited)

	2016		
GAAP diluted EPS guidance	\$ 9.13	-	\$ 9.58
Known adjustments to arrive at Adjusted earnings*:			
Acquisition-related expenses..... (a)	1.33		
Restructuring charges.....	0.09	-	0.14
Adjusted diluted EPS guidance	\$ 10.60	-	\$ 11.00

* The known adjustments are presented net of their related tax impact which amount to approximately \$0.66 to \$0.68 pre share, in the aggregate.

(a) The adjustments relate primarily to non-cash amortization of intangible assets acquired in prior year business combinations.

**Reconciliation of GAAP Tax Rate Guidance to Adjusted
Tax Rate Guidance for the Year Ending December 31, 2016**
(Unaudited)

	2016		
GAAP tax rate guidance	17.5%	-	18.5%
Tax rate effect of known adjustments discussed above.....	2.0%		
Adjusted tax rate guidance	19.5%	-	20.5%

International Sales Performance Adjusted for Foreign Exchange

Amgen has presented international sales performance excluding the impact of foreign exchange. This measure adjusts for the translation effect of changes in average foreign exchange rates between the current period and the corresponding period in the prior year. Amgen's calculation to adjust for the impact of foreign exchange results in prior period weighted-average, foreign exchange rates being applied to current period product sales. Amgen believes that excluding the impact of foreign exchange enhances an investor's overall understanding of the financial performance and prospects for the future of Amgen's core business activities by facilitating comparisons of results of core business operations among current, past and future periods.