

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

	Three months ended December 31,		Years ended December 31,	
	2014	2013	2014	2013
Revenues:				
Product sales.....	\$ 5,174	\$ 4,799	\$ 19,327	\$ 18,192
Other revenues.....	157	212	736	484
Total revenues.....	<u>5,331</u>	<u>5,011</u>	<u>20,063</u>	<u>18,676</u>
Operating expenses:				
Cost of sales.....	1,183	1,029	4,422	3,346
Research and development.....	1,234	1,249	4,297	4,083
Selling, general and administrative.....	1,327	1,521	4,699	5,184
Other.....	128	25	454	196
Total operating expenses.....	<u>3,872</u>	<u>3,824</u>	<u>13,872</u>	<u>12,809</u>
Operating income.....	1,459	1,187	6,191	5,867
Interest expense, net.....	261	261	1,071	1,022
Interest and other income, net.....	88	88	465	420
Income before income taxes.....	1,286	1,014	5,585	5,265
Provision for income taxes.....	<u>(8)</u>	<u>(7)</u>	<u>427</u>	<u>184</u>
Net income.....	<u>\$ 1,294</u>	<u>\$ 1,021</u>	<u>\$ 5,158</u>	<u>\$ 5,081</u>
Earnings per share:				
Basic.....	\$ 1.70	\$ 1.35	\$ 6.80	\$ 6.75
Diluted.....	\$ 1.68	\$ 1.33	\$ 6.70	\$ 6.64
Weighted average shares used in calculation of earnings per share:				
Basic.....	761	754	759	753
Diluted.....	772	766	770	765

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

	<u>December 31,</u> <u>2014</u>	<u>December 31,</u> <u>2013</u>
<b>Assets</b>		
Current assets:		
Cash, cash equivalents and marketable securities.....	\$ 27,026	\$ 19,401
Trade receivables, net.....	2,546	2,697
Inventories.....	2,647	3,019
Other current assets.....	2,494	2,250
Total current assets.....	<u>34,713</u>	<u>27,367</u>
Property, plant and equipment, net.....	5,223	5,349
Intangible assets, net.....	12,693	13,262
Goodwill.....	14,788	14,968
Restricted investments.....	-	3,412
Other assets.....	1,592	1,767
Total assets.....	<u>\$ 69,009</u>	<u>\$ 66,125</u>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable and accrued liabilities.....	\$ 6,508	\$ 5,442
Current portion of long-term debt.....	500	2,505
Total current liabilities.....	<u>7,008</u>	<u>7,947</u>
Long-term debt.....	30,215	29,623
Long-term deferred tax liability.....	3,461	3,498
Other non-current liabilities.....	2,547	2,961
Stockholders' equity.....	<u>25,778</u>	<u>22,096</u>
Total liabilities and stockholders' equity.....	<u>\$ 69,009</u>	<u>\$ 66,125</u>
Shares outstanding.....	760	755

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

	Three months ended		Years ended	
	December 31,		December 31,	
	2014	2013	2014	2013
<b>GAAP cost of sales</b>	\$ 1,183	\$ 1,029	\$ 4,422	\$ 3,346
<b>Adjustments to cost of sales:</b>				
Acquisition-related expenses (a)	(279)	(256)	(1,249)	(467)
Impairment and accelerated depreciation charges pursuant to our restructuring initiative	(76)	-	(104)	-
Stock option expense	(3)	(3)	(10)	(9)
<b>Total adjustments to cost of sales</b>	<u>(358)</u>	<u>(259)</u>	<u>(1,363)</u>	<u>(476)</u>
<b>Adjusted cost of sales</b>	<u>\$ 825</u>	<u>\$ 770</u>	<u>\$ 3,059</u>	<u>\$ 2,870</u>
<b>GAAP research and development expenses</b>	\$ 1,234	\$ 1,249	\$ 4,297	\$ 4,083
<b>Adjustments to research and development expenses:</b>				
Acquisition-related expenses (b)	(32)	(79)	(124)	(142)
Accelerated depreciation and other charges pursuant to our restructuring initiative	(34)	-	(49)	-
Stock option expense	-	(2)	(3)	(12)
<b>Total adjustments to research and development expenses</b>	<u>(66)</u>	<u>(81)</u>	<u>(176)</u>	<u>(154)</u>
<b>Adjusted research and development expenses</b>	<u>\$ 1,168</u>	<u>\$ 1,168</u>	<u>\$ 4,121</u>	<u>\$ 3,929</u>
<b>GAAP selling, general and administrative expenses</b>	\$ 1,327	\$ 1,521	\$ 4,699	\$ 5,184
<b>Adjustments to selling, general and administrative expenses:</b>				
Acquisition-related expenses (c)	(32)	(212)	(150)	(266)
Expense resulting from clarified guidance on branded prescription drug fee (d)	16	-	(129)	-
Accelerated depreciation and other charges pursuant to our restructuring initiative	(6)	-	(9)	-
Stock option expense	-	(3)	(3)	(13)
<b>Total adjustments to selling, general and administrative expenses</b>	<u>(22)</u>	<u>(215)</u>	<u>(291)</u>	<u>(279)</u>
<b>Adjusted selling, general and administrative expenses</b>	<u>\$ 1,305</u>	<u>\$ 1,306</u>	<u>\$ 4,408</u>	<u>\$ 4,905</u>
<b>GAAP operating expenses</b>	\$ 3,872	\$ 3,824	\$ 13,872	\$ 12,809
<b>Adjustments to operating expenses:</b>				
Adjustments to cost of sales	(358)	(259)	(1,363)	(476)
Adjustments to research and development expenses	(66)	(81)	(176)	(154)
Adjustments to selling, general and administrative expenses	(22)	(215)	(291)	(279)
Certain charges pursuant to our restructuring and other cost savings initiatives (e)	(66)	(25)	(434)	(71)
(Expense)/Benefit resulting from changes in the estimated fair values of the contingent consideration obligations related to prior year business combinations	(17)	(2)	30	(113)
Write-off of a non-key in-process R&D program acquired in a prior year business combination	(46)	-	(46)	-
Other (f)	1	2	(4)	(12)
<b>Total adjustments to operating expenses</b>	<u>(574)</u>	<u>(580)</u>	<u>(2,284)</u>	<u>(1,105)</u>
<b>Adjusted operating expenses</b>	<u>\$ 3,298</u>	<u>\$ 3,244</u>	<u>\$ 11,588</u>	<u>\$ 11,704</u>
<b>GAAP operating income</b>	\$ 1,459	\$ 1,187	\$ 6,191	\$ 5,867
Adjustments to operating expenses	574	580	2,284	1,105
<b>Adjusted operating income</b>	<u>\$ 2,033</u>	<u>\$ 1,767</u>	<u>\$ 8,475</u>	<u>\$ 6,972</u>
<b>GAAP other income/(expense)</b>	\$ (173)	\$ (173)	\$ (606)	\$ (602)
<b>Adjustments to other income/(expense):</b>				
Non-cash interest expense associated with our convertible notes	-	-	-	12
Bridge financing costs associated with the Onyx business combination	-	-	-	22
<b>Total adjustments to other income/(expense)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34</u>
<b>Adjusted other income/(expense)</b>	<u>\$ (173)</u>	<u>\$ (173)</u>	<u>\$ (606)</u>	<u>\$ (568)</u>
<b>GAAP income before income taxes</b>	\$ 1,286	\$ 1,014	\$ 5,585	\$ 5,265
<b>Adjustments to income before income taxes:</b>				
Adjustments to operating expenses	574	580	2,284	1,105
Non-cash interest expense associated with our convertible notes	-	-	-	12
Bridge financing costs associated with the Onyx business combination	-	-	-	22
<b>Total adjustments to income before income taxes</b>	<u>574</u>	<u>580</u>	<u>2,284</u>	<u>1,139</u>
<b>Adjusted income before income taxes</b>	<u>\$ 1,860</u>	<u>\$ 1,594</u>	<u>\$ 7,869</u>	<u>\$ 6,404</u>
<b>GAAP provision for income taxes</b>	\$ (8)	\$ (7)	\$ 427	\$ 184
<b>Adjustments to provision for income taxes:</b>				
Income tax effect of the above adjustments (g)	187	228	717	376
Other income tax adjustments (h)	11	(18)	25	30
<b>Total adjustments to provision for income taxes</b>	<u>198</u>	<u>210</u>	<u>742</u>	<u>406</u>
<b>Adjusted provision for income taxes</b>	<u>\$ 190</u>	<u>\$ 203</u>	<u>\$ 1,169</u>	<u>\$ 590</u>
<b>GAAP net income</b>	\$ 1,294	\$ 1,021	\$ 5,158	\$ 5,081
<b>Adjustments to net income:</b>				
Adjustments to income before income taxes, net of the income tax effect of the above adjustments	387	352	1,567	763
Other income tax adjustments (h)	(11)	18	(25)	(30)
<b>Total adjustments to net income</b>	<u>376</u>	<u>370</u>	<u>1,542</u>	<u>733</u>
<b>Adjusted net income</b>	<u>\$ 1,670</u>	<u>\$ 1,391</u>	<u>\$ 6,700</u>	<u>\$ 5,814</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.

	<b>Three months ended December 31, 2014</b>		<b>Three months ended December 31, 2013</b>	
	<b>GAAP</b>	<b>Adjusted</b>	<b>GAAP</b>	<b>Adjusted</b>
Net income.....	\$ 1,294	\$ 1,670	\$ 1,021	\$ 1,391
Weighted-average shares for diluted EPS.....	772	772	766	766
Diluted EPS.....	<u>\$ 1.68</u>	<u>\$ 2.16</u>	<u>\$ 1.33</u>	<u>\$ 1.82</u>

  

	<b>Year ended December 31, 2014</b>		<b>Year ended December 31, 2013</b>	
	<b>GAAP</b>	<b>Adjusted</b>	<b>GAAP</b>	<b>Adjusted</b>
Net income.....	\$ 5,158	\$ 6,700	\$ 5,081	\$ 5,814
Weighted-average shares for diluted EPS.....	770	770	765	765
Diluted EPS.....	<u>\$ 6.70</u>	<u>\$ 8.70</u>	<u>\$ 6.64</u>	<u>\$ 7.60</u>

- (a) The adjustments related primarily to non-cash amortization of intangible assets, including developed product technology rights, acquired in business combinations. For the year ended December 31, 2014, the adjustments also included a \$99-million charge related to the termination of a supply contract with F. Hoffmann-La Roche Ltd. as a result of acquiring the licenses to filgrastim and pegfilgrastim effective January 1, 2014.
- (b) The 2014 adjustments related primarily to non-cash amortization of intangible assets acquired in business combinations. For the three months ended December 31, 2013, the adjustments related primarily to charges associated with the Onyx business combination, which included the acceleration of Onyx unvested equity compensation (Onyx equity compensation). The three months and year ended December 31, 2013, also included adjustments related primarily to non-cash amortization of intangible assets acquired in business combinations.
- (c) The 2014 adjustments related primarily to non-cash amortization of intangible assets acquired in business combinations. The adjustments in 2013 related primarily to the Onyx equity compensation.
- (d) The 2014 adjustments related to the Internal Revenue Service issuing final regulations that required us to recognize an additional year of the non-tax deductible branded prescription drug fee.
- (e) The adjustments related primarily to severance expenses.
- (f) The adjustments for 2014 and the three months ended December 31, 2013, related primarily to various acquisition-related expenses. For the year ended December 31, 2013, the adjustments related primarily to various legal proceedings.
- (g) 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, 2014, were 32.6% and 31.4%, respectively, compared with 39.3% and 33.0% for the corresponding periods of the prior year.
- (h) The adjustments in 2014 and the three months ended December 31, 2013, related primarily to certain prior period items excluded from adjusted earnings. For the year ended December 31, 2013, the adjustments related to resolving certain non-routine transfer-pricing and acquisition-related issues with tax authorities as well as the impact related 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,	
	2014	2013	2014	2013
Operating Cash Flow.....	\$ 2,445	\$ 1,835	\$ 8,555	\$ 6,291
Capital Expenditures.....	(203)	(201)	(718)	(693)
Free Cash Flow.....	<u>\$ 2,242</u>	<u>\$ 1,634</u>	<u>\$ 7,837</u>	<u>\$ 5,598</u>

**Reconciliation of GAAP EPS Guidance to Adjusted  
EPS Guidance for the Year Ending December 31, 2015**  
(Unaudited)

	2015	
<b>GAAP diluted EPS guidance</b> .....	\$ 7.48	\$ 7.87
<b>Known adjustments to arrive at Adjusted earnings*:</b>		
Acquisition-related expenses..... (a)	1.21	
Restructuring and other cost savings initiatives.....	0.32	0.36
<b>Adjusted diluted EPS guidance</b> .....	<u>\$ 9.05</u>	<u>\$ 9.40</u>

\* The known adjustments are presented net of their related tax impact which amount to approximately \$0.73 to \$0.75 per 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, 2015**  
(Unaudited)

	2015	
<b>GAAP tax rate guidance</b> .....	14%	16%
Tax rate effect of known adjustments discussed above.....	3%	4%
<b>Adjusted tax rate guidance</b> .....	<u>18%</u>	<u>19%</u>

**Amgen Inc.**

**Reconciliation of Future GAAP to Adjusted Financial Measures**

Management has presented herein certain forward-looking statements about the Company's future financial performance that include non-GAAP (or "as-adjusted") operating margin for the Years Ending December 31, 2015 through 2018. This non-GAAP financial measure is derived by excluding certain amounts, expenses or income, from the corresponding financial measures determined in accordance with GAAP. The determination of the amounts that are excluded from this non-GAAP financial measure is a matter of management judgment and depends upon, among other factors, the nature of the underlying expense or income amounts recognized in a given period. We are unable to present a quantitative reconciliation of the aforementioned forward-looking non-GAAP financial measure to its most directly comparable forward-looking GAAP financial measure because management cannot reliably predict all of the necessary components of such GAAP measure. Historically, management has excluded the following items from this non-GAAP financial measure, and such items may also be excluded in future periods and could be significant:

- Expenses related to the acquisition of businesses, including amortization and / or impairment of acquired intangible assets, including in-process research and development, adjustments to contingent consideration, integration costs, severance and retention costs and transaction costs;
- Charges associated with restructuring or cost saving initiatives, including but not limited to asset impairments, accelerated depreciation, severance costs and lease abandonment charges; and
- Legal settlements or awards.