Amgen Inc.

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

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	Three months ended June 30,				led		
	2014		2013		2014	,	2013
Revenues:						-	
Product sales	\$ 4,949	\$	4,595	\$	9,305	\$	8,746
Other revenues	 231		84		396		171
Total revenues	 5,180		4,679		9,701		8,917
Operating expenses:							
Cost of sales	1,081		785		2,171		1,529
Research and development	1,018		967		2,045		1,845
Selling, general and administrative	1,136		1,256		2,159		2,414
Other	43		121		60		137
Total operating expenses	 3,278		3,129		6,435		5,925
Operating income	1,902		1,550		3,266		2,992
Interest expense, net	282		241		541		504
Interest and other income, net	 138		96		237		260
Income before income taxes	1,758		1,405		2,962		2,748
Provision for income taxes	 211		147		342		56
Net income	\$ 1,547	\$	1,258	\$	2,620	\$	2,692
Earnings per share:							
Basic	\$ 2.04	\$	1.67	\$	3.46	\$	3.58
Diluted	\$ 2.01	\$	1.65	\$	3.41	\$	3.52
Average shares used in calculation of earnings per share:							
Basic	759		752		758		752
Diluted	768		764		768		764

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

June 30, 2014		,	December 31, 2013		
Assets					
Current assets:					
Cash, cash equivalents and marketable securities	\$	26,188	\$	19,401	
Trade receivables, net		2,697		2,697	
Inventories		2,954		3,019	
Other current assets		2,489		2,250	
Total current assets		34,328		27,367	
Property, plant and equipment, net		5,371		5,349	
Intangible assets, net		13,499		13,262	
Goodwill		14,844		14,968	
Restricted investments		-		3,412	
Other assets		1,492		1,767	
Total assets	\$	69,534	\$	66,125	
Liabilities and Stockholders' Equity					
Current liabilities:					
Accounts payable and accrued liabilities	\$	5,366	\$	5,442	
Current portion of long-term debt		2,500		2,505	
Total current liabilities		7,866		7,947	
Long-term debt		30,828		29.623	
Other non-current liabilities		6,458		6.459	
Stockholders' equity		24,382		22,096	
Total liabilities and stockholders' equity	\$	69,534	\$	66,125	
Shares outstanding		759		755	

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

Zurd Surd Surd <th< th=""><th></th><th colspan="2">Three months ended</th><th></th><th colspan="4">Six monthsended June 30,</th></th<>		Three months ended			Six monthsended June 30,			
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Adjustments to net income: Adjustments to income before income taxes, net of the income tax effect of the above adjustments 269 186 634 288 Other income tax adjustments (f) 7 - 7 (38) Total adjustments to net income 276 186 641 250	Aujuxeu provision for income taxes	φ 354	. э	199	φ	014	¢	102
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Other income tax adjustments (f) 7 7 (38) Total adjustments to net income 276 186 641 250				100		604		200
Total adjustments to net income 276 186 641 250				186				
Adjusted net income \$ 1,823 \$ 1,444 \$ 3,261 \$ 2,942	Total adjustments to net income	276	3			641		250
	Adjusted net income	\$ 1,823	3 \$	1,444	\$	3,261	\$	2,942

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. Dilutive securities used to compute Adjusted diluted EPS were computed assuming that we do not expense stock options.

	Three months ended June 30, 2014				т		nths ended 0, 2013			
	GAAP		GAAP Ad		Adjusted		GAAP		Ac	ljusted
Net income	\$	1,547	\$	1,823	\$	1,258	\$	1,444		
Weighted-average shares for diluted EPS		768		768		764		763		
Diluted EPS	\$	2.01	\$	2.37	\$	1.65	\$	1.89		
	:	Six mont June 3			:	Six mont June 3				
	0	GAAP	A	djusted		GAAP	Ac	ljusted		
Net income	\$	2,620	\$	3,261	\$	2,692	\$	2,942		
Weighted-average shares for diluted EPS		768		768		764	_	764		
Diluted EPS	\$	3.41	\$	4.25	\$	3.52	\$	3.85		

(a) The adjustments related primarily to non-cash amortization of intangible assets, including developed product technology rights, acquired in business combinations. For the six months ended June 30, 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 adjustments related primarily to non-cash amortization of intangible assets acquired in business combinations and also included other acquisition-related expenses.

- (c) The adjustments related primarily to severance expenses.
- (d) The 2014 adjustments related primarily to various acquisition-related expenses. The 2013 adjustments related to various legal proceedings.
- (e) 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 totacit, including totacit, option of intangible assets, whether the amounts are deductible in the tax jurisdictions where the expenses are incurred or the asset is located 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, 2014 and 2013, were 35.5% and 30.6%, respectively, compared with 20.5% and 23.4% for the corresponding periods of the prior year.
- (f) The adjustments in 2014 related to certain prior period items excluded from adjusted earnings. The adjustments in 2013 related to resolving certain non-routine transfer-pricing and acquisition-related matters with tax authorities.

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

	Three months ended June 30,							
		2014	2013					
Operating Cash Flow	\$	2,227	\$	1,600				
Capital Expenditures		(173)		(159)				
Free Cash Flow	\$	2.054	\$	1.441				

Reconciliation of GAAP EPS Guidance to Adjusted EPS Guidance for the Year Ending December 31, 2014 (Unaudited)

			2014						
GAAP diluted EPS guidance	\$	6.38	-	\$	6.67				
Known adjustments to arrive at Adjusted earnings*:									
Acquisition-related expenses			1.32						
Other(b)			0.04						
Tax adjustments			0.01						
Restructuring charges		0.36	-		0.45				
Adjusted diluted EPS guidance	\$	8.20	-	\$	8.40				

* The known adjustments are presented net of their related tax impact which amount to approximately \$0.84 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 primarily to cost savings initiatives and also include stock option expense and various legal proceedings.

(c) The adjustments related to certain prior period items excluded from adjusted earnings.

(d) Estimated 2014 impact of restructuring charges announced on July 29, 2014.

Reconciliation of GAAP Tax Rate Guidance to Adjusted Tax Rate Guidance for the Year Ending December 31, 2014 (Unaudited)

	2014		
GAAP tax rate guidance	8%	-	9%
Tax rate effect of known adjustments discussed above		7%	
Adjusted tax rate guidance	15%	-	16%