



Pioneering science delivers vital medicines™

Q3 '14 Earnings Call

October 27, 2014

Safe Harbor Statement

This presentation contains forward-looking statements that are based on management's current expectations and beliefs and are subject to a number of risks, uncertainties and assumptions that could cause actual results to differ materially from those described. All statements, other than statements of historical fact, are statements that could be deemed forward-looking statements, including statements about 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 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 (SEC) reports filed by Amgen, including Amgen's most recent annual report on Form 10-K and any subsequent periodic reports on Form 10-Q and Form 8-K. Please refer to Amgen's most recent Forms 10-K, 10-Q and 8-K for additional information on the uncertainties and risk factors related to our business. Unless otherwise noted, Amgen is providing this information as of October 27, 2014 and expressly disclaims any duty to update information contained in this presentation.

No forward-looking statement can be guaranteed and actual results may differ materially from those we project. The Company's results may be affected by our ability to successfully market both new and existing products domestically and internationally, clinical and regulatory developments (domestic or foreign) involving current and future products, sales growth of recently launched products, competition from other products (domestic or foreign) and difficulties or delays in manufacturing our products. In addition, sales of our products are affected by 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 as well as U.S. legislation affecting pharmaceutical pricing and reimbursement. Government and others' regulations and reimbursement policies may affect the development, usage and pricing of our products. 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 after they are on the market. Our business may be impacted by government investigations, litigation and products liability claims. 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. We depend on third parties for a significant portion of our manufacturing capacity for the supply of certain of our current and future products and limits on supply may constrain sales of certain of our current products and product candidate development. In addition, we compete with other companies with respect to some of our marketed products as well as for the discovery and development of new products. Discovery or identification of new product candidates cannot be guaranteed and movement from concept to product is uncertain; consequently, there can be no guarantee that any particular product candidate 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. Our efforts to integrate the operations of companies we have acquired may not be successful. Cost saving initiatives may result in us incurring impairment or other related charges on our assets. We may experience difficulties, delays or unexpected costs and not achieve anticipated benefits and savings from our recently announced restructuring plans. 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.

This presentation includes GAAP and non-GAAP financial measures. In accordance with the requirements of SEC Regulation G, reconciliations between these two measures, if these slides are in hard copy, accompany the hard copy presentation or, if these slides are delivered electronically, are available on the Company's website at www.amgen.com within the Investors section.

Agenda

Introduction	Arvind Sood
Opening Remarks	Bob Bradway
Q3 '14 Business Results	David Meline
Q&A	All

Q3 '14 Adjusted Income Statement

\$ Millions, Except Adjusted EPS

Item	Q3 '14	Q3 '13	B/(W) %
Revenue	\$5,031	\$4,748	6%
Product Sales	\$4,848	\$4,647	4%
Other Revenues	\$183	\$101	
Operating Expenses	\$2,768	\$2,899	5%
Cost of Sales <i>% of product sales</i>	\$761 15.7%	\$715 15.4%	
R&D <i>% of product sales</i>	\$980 20.2%	\$966 20.8%	
SG&A <i>% of product sales</i>	\$1,027 21.2%	\$1,218 26.2%	
Operating Income	\$2,263	\$1,849	22%
Other Income/(Expense)	(\$129)	(\$163)	
Pre-Tax Income	\$2,134	\$1,686	27%
Tax Provision	\$365	\$205	
Net Income	\$1,769	\$1,481	19%
Adjusted EPS	\$2.30	\$1.94	19%
Average Shares	770	765	(1%)
Tax Rate	17.1%	12.1%	(5.0) pts

All income statement items for Q3 '14 and/or Q3 '13, except revenue, are adjusted, non-GAAP financial measures—if this slide is in hard copy, see reconciliations accompanying the presentation, or if this slide is delivered electronically, see reconciliations available at: www.amgen.com within the Investors section

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Q3 '14 Balance Sheet and Cash Flow

\$ Billions

Cash Flow Data	Q3 '14	Q3 '13
Capital Expenditures	\$0.2	\$0.2
Free Cash Flow*	2.6	1.6
Dividends Paid	0.5	0.4
Balance Sheet Data	Q3 '14	Q3 '13
Cash and Investments†	\$28.1	\$26.5
Debt Outstanding	33.0	27.2

*Non-GAAP financial measure—if this slide is in hard copy, see reconciliations accompanying the presentation, or if this slide is delivered electronically, see reconciliations available at: www.amgen.com within the Investors section

†Q3 '13 includes receivable from sale of investments and long-term restricted investments

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2014 Guidance Increased to 6%–7% Revenue Growth and 11%–13% Adjusted EPS Growth

	Updated Guidance	Previous Guidance
Revenue	\$19.8B–\$20.0B	\$19.5B–\$19.7B
Adjusted EPS*	\$8.45–\$8.55	\$8.20–\$8.40
Adjusted Tax Rate*	16%–17%	15%–16%
Capital Expenditures	~ \$800M	~ \$800M

*Adjusted, non-GAAP financial measure—if this slide is in hard copy, see reconciliations accompanying the presentation, or if this slide is delivered electronically, or amounts pertain to previously issued financial guidance, see reconciliations available at: www.amgen.com within the Investors section

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Key Elements of Restructuring Plan Announced July 2014

	Progress	Previous Guidance
Headcount Reduction (2014–2015)	2,925: Confirmed	2,400–2,900
Pre-Tax GAAP Charge (2014–2015)	2014 Estimate: ~ \$525M 2014–2015 Total: \$835M–\$885M*	2014–2015 Total: \$775M–\$950M*
Pre-Tax Savings	On Track	\$700M In 2016 vs 2013, With Most Reinvested to Support Global Product Launches
Facilities Impact	On Track	23% Reduction In Facilities Footprint

*~ 50% of these total expenses will be on a cash basis

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Q3 '14 Global Commercial Review

\$ Millions, Net Sales	Q3 '14			Q3 '13	YoY Δ
	US	ROW	Total	Total	Total
Neulasta[®]/NEUPOGEN[®]	\$1,170	\$323	\$1,493	\$1,601	(7%) ¹
Neulasta [®]	956	237	1,193	1,135	5%
NEUPOGEN [®]	214	86	300	466	(36%) ¹
Enbrel [®]	1,048	72	1,120	1,155	(3%)
EPOGEN [®]	518	0	518	491	5%
Aranesp [®]	188	286	474	449	6%
Sensipar [®] /Mimpara [®]	185	88	273	259	5%
Vectibix [®]	44	94	138	107	29%
Nplate [®]	69	50	119	106	12%
XGEVA [®]	225	93	318	261	22%
Prolia [®]	150	105	255	178	43%
Kyprolis [®]	85	9	94	0	NM
Other ²	0	46	46	40	15%
Total Product Sales	\$3,682	\$1,166	\$4,848	\$4,647	4%¹
Total Product Sales (Excluding Q3 '13 BARDA)	\$3,682	\$1,166	\$4,848	\$4,492	8%

NM = not meaningful

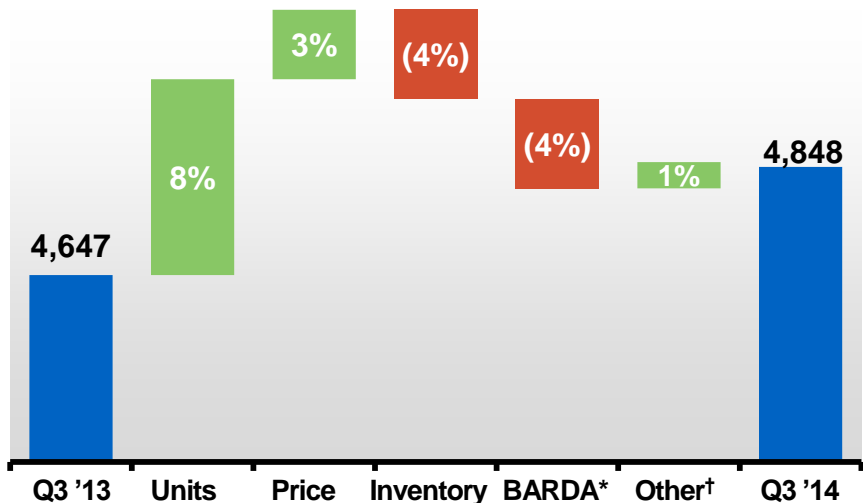
1. Q3 '13 includes a \$155M order for NEUPOGEN[®] from the US government (BARDA)

2. Other includes Bergamo and MN Pharma

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Q3 '14 Product Sales Grew 4% YoY

\$ Millions, Net Sales



Note: Inventory represents wholesaler and, based on prescription data for Enbrel® and Sensipar®, end-user inventories; *\$155M NEUPOGEN® government order in Q3 '13; †Other includes changes in estimated sales deductions and returns, foreign currency exchange impacts, and/or other sales adjustments

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Key Drivers

- YoY sales growth driven by solid unit demand and, to a lesser extent, price
 - Q3 '13 included \$155M US government order for NEUPOGEN®
- Strong performance in international markets with 14% YoY growth
 - Acquisition of filgrastim rights helped contribute to this growth
- Significant contribution from Kyprolis®, Prolia®, Neulasta®, and XGEVA®

Q3 '14 Product Sales Declined 2% QoQ

\$ Millions, Net Sales



Key Drivers

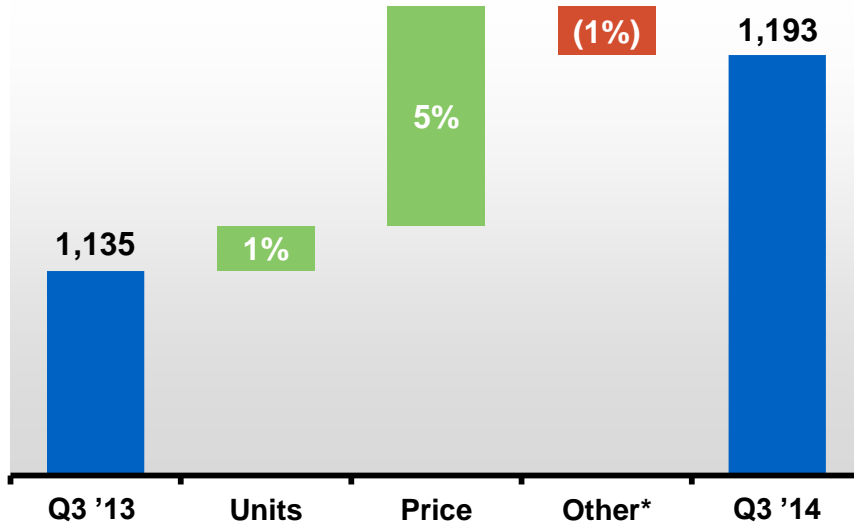
- Unit demand grew 4% sequentially
- US wholesaler inventory days on hand ended at ~ 11 days

Note: Inventory represents wholesaler and, based on prescription data for Enbrel® and Sensipar®, end-user inventories

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Q3 '14 Neulasta[®] Sales Grew 5% YoY

\$ Millions, Net Sales



Key Drivers

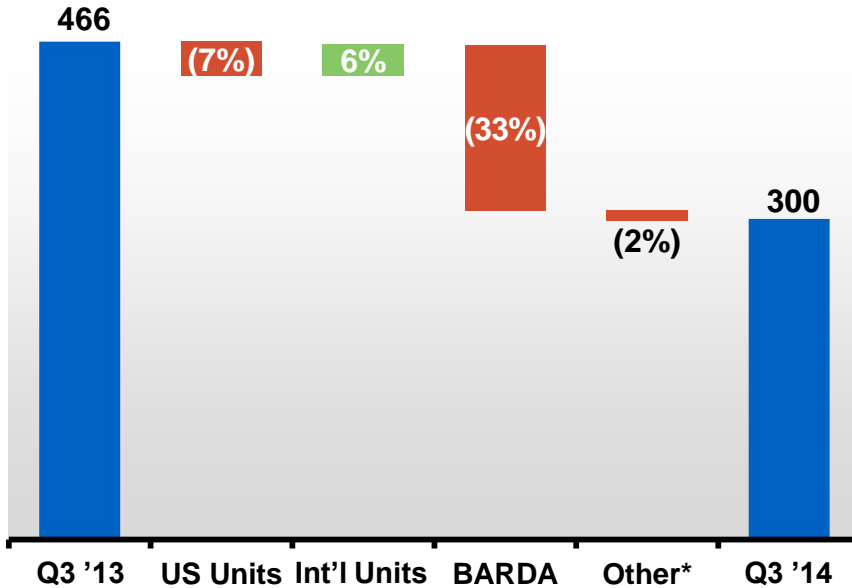
- Sales growth of 5% driven mainly by price
- Benefited from the acquisition of commercial rights in new and emerging markets
- Nominal impact from short-acting competition in the US

*Other includes changes in estimated sales deductions and returns, foreign currency exchange impacts, and/or other sales adjustments

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Q3 '14 NEUPOGEN[®] Sales Declined 36% YoY

\$ Millions, Net Sales



Key Drivers

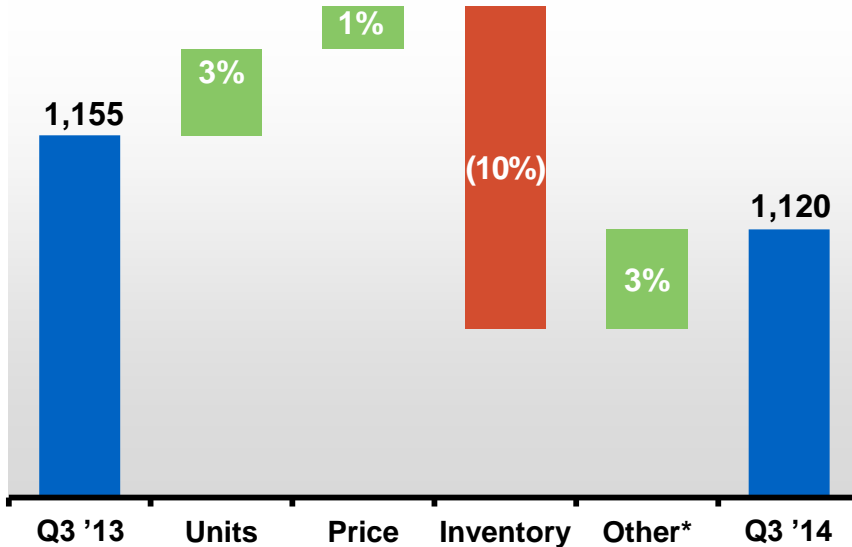
- Sales decline of 36% driven by last year's US government order for \$155M (BARDA)
- We have seen a slight impact from competition in US and Europe
- Our international business benefited from the acquisition of commercial rights in new and emerging markets

*Other includes changes in estimated sales deductions and returns, foreign currency exchange impacts, and/or other sales adjustments

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Q3 '14 Enbrel[®] Sales Declined 3% YoY

\$ Millions, Net Sales



Key Drivers

- Sales were positively impacted by unit demand increases
- Changes in wholesaler and, based on prescription data, end-user inventories negatively impacted sales

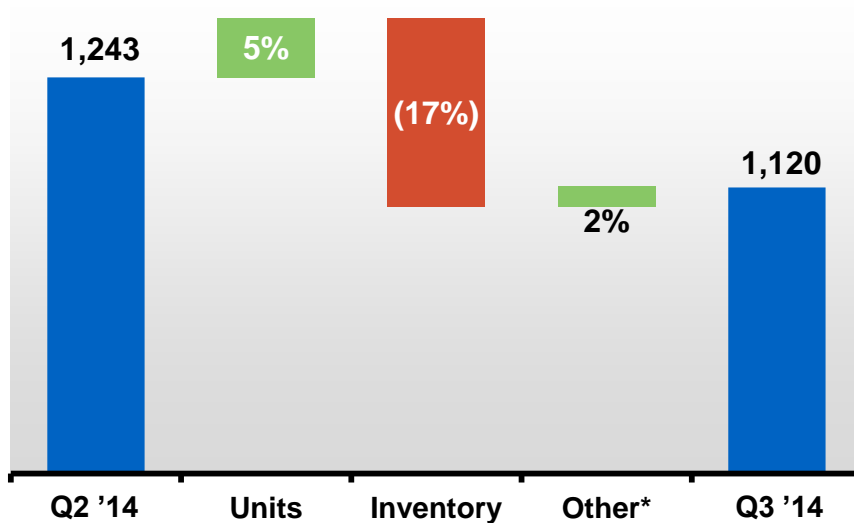
Note: Inventory represents wholesaler and, based on prescription data, end-user inventories

*Other includes changes in estimated sales deductions and returns, foreign currency exchange impacts, and/or other sales adjustments

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Q3 '14 Enbrel[®] Sales Declined 10% QoQ

\$ Millions, Net Sales



Key Drivers

- Sales were positively impacted by unit demand increases
- Negative impact from sequential inventory changes
- Sequential value share in both rheumatology and dermatology segments down slightly versus last quarter

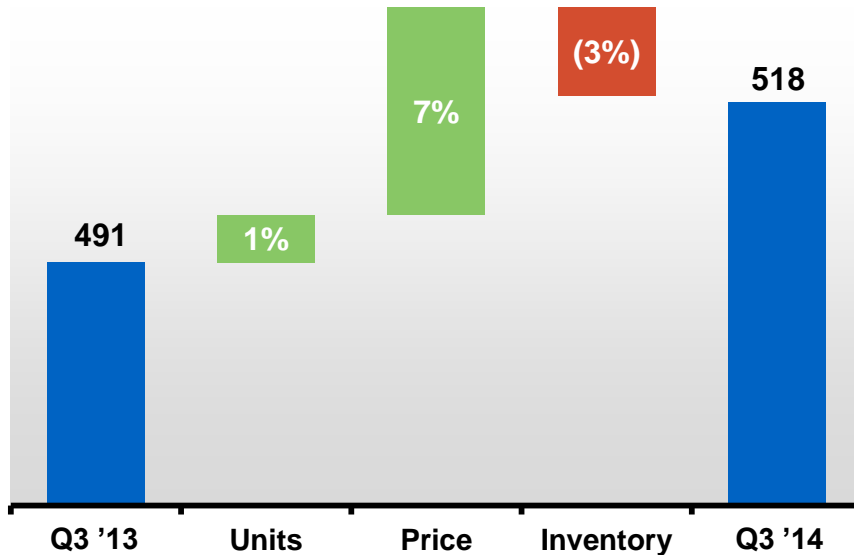
Note: Inventory represents wholesaler and, based on prescription data, end-user inventories

*Other includes changes in estimated sales deductions and returns, foreign currency exchange impacts, and/or other sales adjustments

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Q3 '14 EPOGEN[®] Sales Grew 5% YoY

\$ Millions, Net Sales



Key Drivers

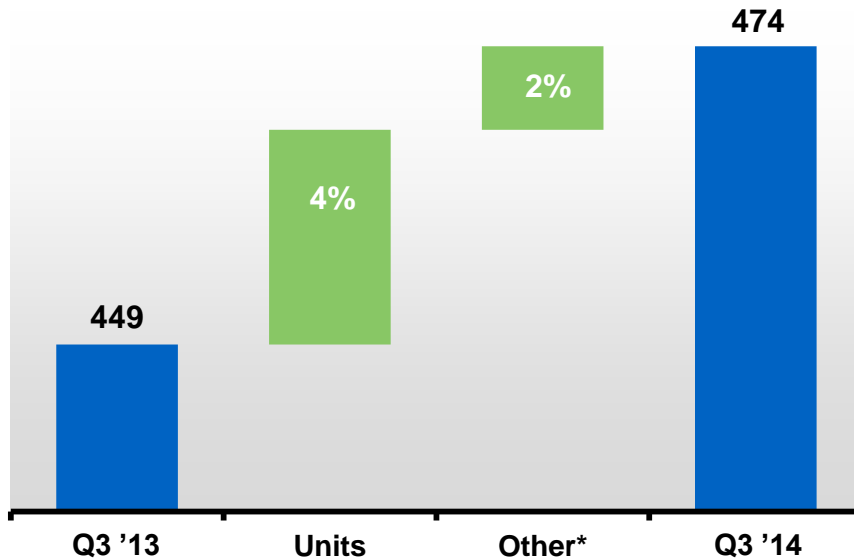
- Sales grew 5% primarily driven by price
- Unit demand has been relatively stable

Note: Inventory represents wholesaler inventories

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Q3 '14 Aranesp[®] Sales Grew 6% YoY

\$ Millions, Net Sales



Key Drivers

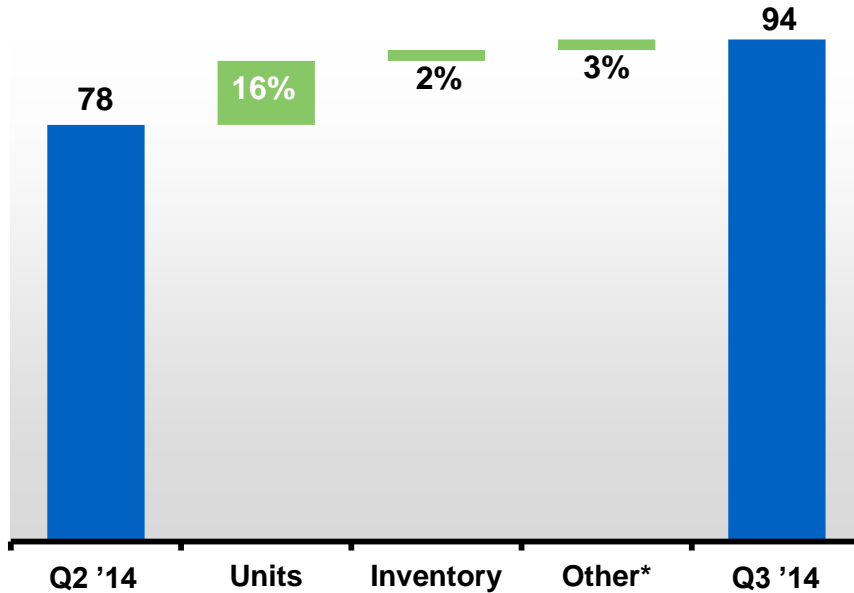
- Sales grew 6% driven by strong unit demand in international markets

*Other includes changes in estimated sales deductions and returns, foreign currency exchange impacts, changes in wholesaler inventories, and/or other sales adjustments

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Q3 '14 Kyprolis[®] Sales Grew 21% QoQ

\$ Millions, Net Sales



Key Drivers

- Sales grew 21% driven by strong unit demand

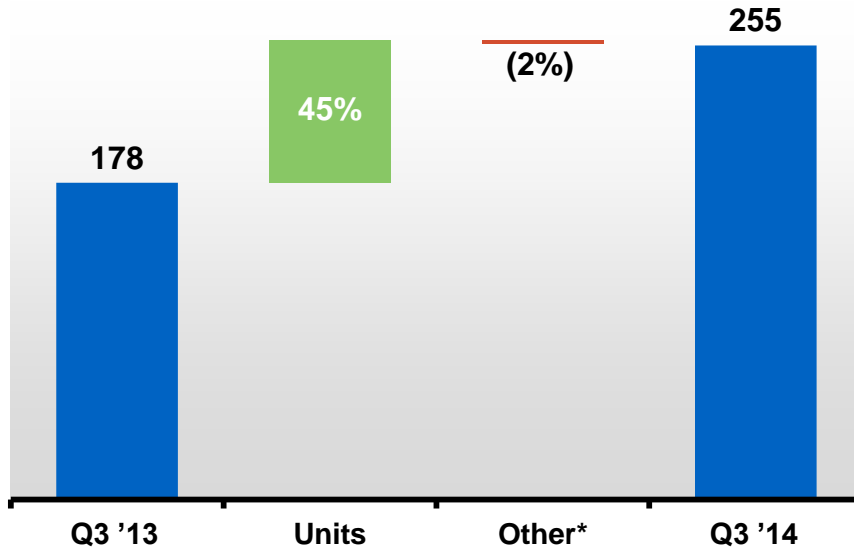
Note: Inventory represents wholesaler inventories

*Other includes changes in estimated sales deductions and returns, foreign currency exchange impacts, and/or other sales adjustments

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Q3 '14 Prolia[®] Sales Grew 43% YoY

\$ Millions, Net Sales



Key Drivers

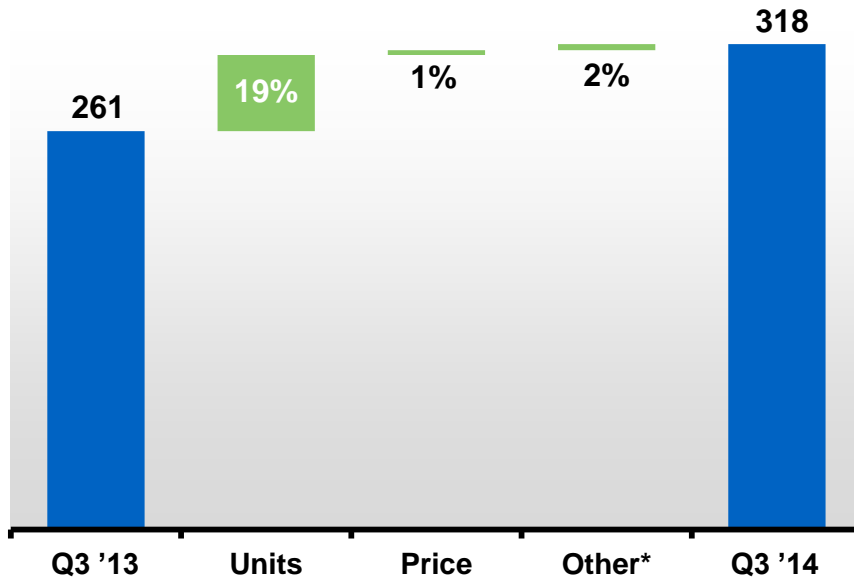
- Worldwide sales grew 43% YoY driven by strong unit demand
- In the US:
 - Repeat injection rates are > 65% for second injections and > 70% for third, leading to ~ 50% more repeat patients than a year ago
 - New patient growth ~ 25% YoY

*Other includes changes in estimated sales deductions and returns, foreign currency exchange impacts, changes in wholesaler inventories, and/or other sales adjustments

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Q3 '14 XGEVA[®] Sales Grew 22% YoY

\$ Millions, Net Sales



Key Drivers

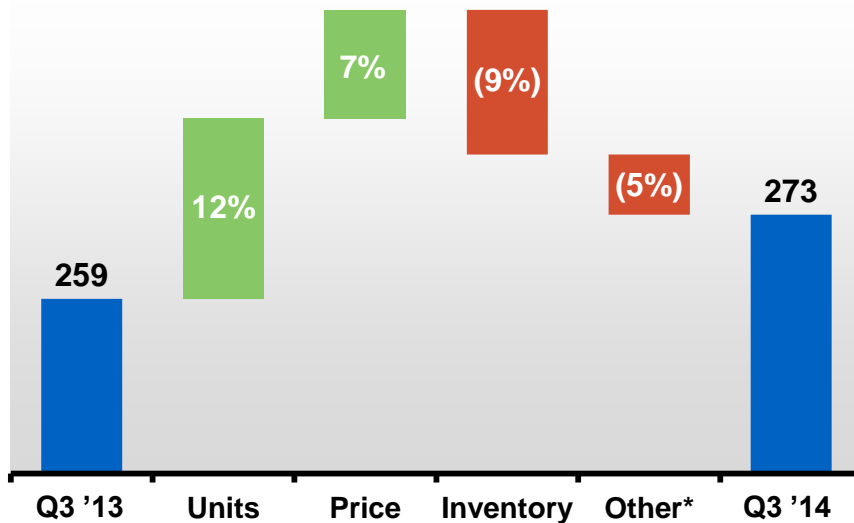
- **Worldwide sales grew 22% YoY driven by strong unit demand**
- **Continues to capture share in a growing market**
- **Focus on emphasizing the superior clinical profile[†] of XGEVA[®]**

*Other includes changes in estimated sales deductions and returns, foreign currency exchange impacts, changes in wholesaler inventories, and/or other sales adjustments; †SRE prevention

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Q3 '14 Sensipar[®] Sales Grew 5% YoY

\$ Millions, Net Sales



Key Drivers

- Sensipar[®] growth due to unit demand

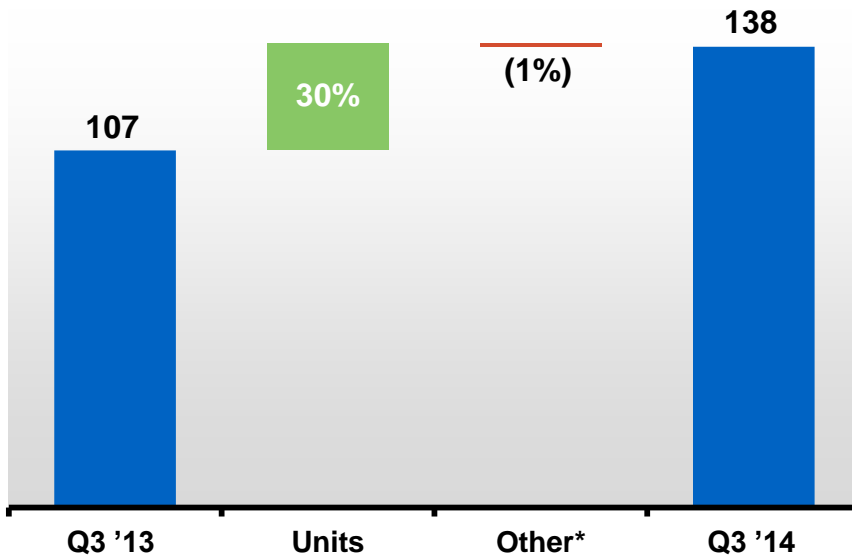
Note: Inventory represents wholesaler and, based on prescription data, end-user inventories

*Other includes changes in estimated sales deductions and returns, foreign currency exchange impacts, and/or other sales adjustments

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Q3 '14 Vectibix[®] Sales Grew 29% YoY

\$ Millions, Net Sales



Key Drivers

- Vectibix[®] growth mainly due to strong unit demand across all regions
- In the US, Vectibix[®] received FDA approval as first-line treatment in combination with FOLFOX for patients with wild-type *KRAS* mCRC at the end of Q2 '14

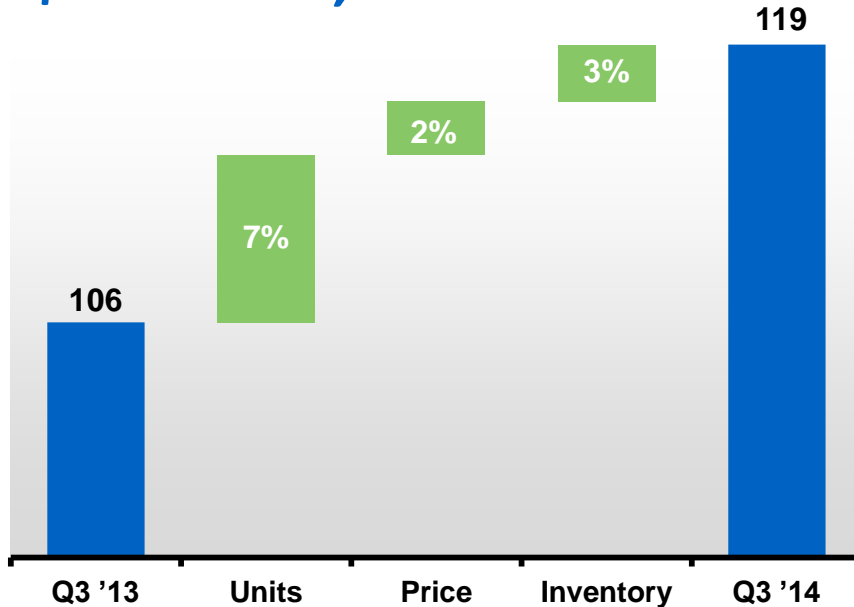
mCRC = metastatic colorectal cancer

*Other includes changes in estimated sales deductions and returns, foreign currency exchange impacts, and/or other sales adjustments

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Q3 '14 Nplate[®] Sales Grew 12% YoY

\$ Millions, Net Sales



Key Drivers

- Nplate[®] growth mainly due to strong unit demand across all regions

Note: Inventory represents wholesaler inventories

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Projected 2014 Milestones for Innovative Programs

Clinical Program	Lead Indication	Milestone	Timing
Evolocumab	Dyslipidemia	US submission	✓
		EU submission	✓
Ivabradine	Chronic heart failure	US submission	✓
Kyprolis® (carfilzomib)	Multiple myeloma	Phase 3 ASPIRE data	✓
		Phase 3 FOCUS data	✓
Talimogene laherparepvec	Metastatic melanoma	US submission	✓
		EU submission	✓
Blinatumomab	Relapsed/refractory ALL	US submission	✓
		EU submission	✓
AMG 416	Secondary hyperparathyroidism	Phase 3 data	✓
Brodalumab**	Moderate-to-severe plaque psoriasis	Phase 3 data [‡]	✓, Q4 '14
Trebananib	Recurrent ovarian cancer	Phase 3 data ^{*†}	Q4 '14
AMG 334	Migraine prophylaxis	Phase 2b data (episodic)	Q4 '14

ALL = acute lymphoblastic leukemia; *Event driven; ✓ Milestone achieved; †Overall survival (secondary endpoint)

**Developed in collaboration with AstraZeneca; ‡Positive data received from first pivotal studies

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Q3 '14 R&D Update

Evolocumab

- Submitted BLA in US and MAA in EU for dyslipidemia
- Positive topline data from Phase 3 YUKAWA-2 study in Japan

Talimogene laherparepvec

- Submitted MAA in EU for regionally and distantly metastatic melanoma

Blinatumomab

- Submitted BLA in US and MAA in EU for the treatment of adults with Philadelphia-negative relapsed/refractory B-precursor ALL
- Granted priority review designation by FDA

Ivabradine

- Granted priority review designation by FDA for the treatment of chronic heart failure

BLA = Biologics License Application

MAA = Marketing Authorization Application

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Q3 '14 R&D Update

Kyprolis[®]

- Phase 3 ASPIRE and FOCUS studies completed
- Global submissions for relapsed multiple myeloma anticipated H1 '15

AMG 416

- Positive topline results from second Phase 3 study in patients with CKD receiving hemodialysis

Biosimilars

- Positive topline results from Phase 3 study of ABP 501 vs HUMIRA[®] in patients with moderate-to-severe plaque psoriasis

CKD = chronic kidney disease

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Pioneering science delivers vital medicines™

Reconciliations

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

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2014	2013	2014	2013
Revenues:				
Product sales.....	\$ 4,848	\$ 4,647	\$ 14,153	\$ 13,393
Other revenues.....	183	101	579	272
Total revenues.....	<u>5,031</u>	<u>4,748</u>	<u>14,732</u>	<u>13,665</u>
Operating expenses:				
Cost of sales.....	1,068	788	3,239	2,317
Research and development.....	1,018	989	3,063	2,834
Selling, general and administrative.....	1,213	1,249	3,372	3,663
Other.....	266	34	326	171
Total operating expenses.....	<u>3,565</u>	<u>3,060</u>	<u>10,000</u>	<u>8,985</u>
Operating income.....	1,466	1,688	4,732	4,680
Interest expense, net.....	269	257	810	761
Interest and other income, net.....	<u>140</u>	<u>72</u>	<u>377</u>	<u>332</u>
Income before income taxes.....	1,337	1,503	4,299	4,251
Provision for income taxes.....	<u>93</u>	<u>135</u>	<u>435</u>	<u>191</u>
Net income.....	<u>\$ 1,244</u>	<u>\$ 1,368</u>	<u>\$ 3,864</u>	<u>\$ 4,060</u>
Earnings per share:				
Basic.....	\$ 1.63	\$ 1.81	\$ 5.10	\$ 5.40
Diluted.....	\$ 1.61	\$ 1.79	\$ 5.02	\$ 5.31
Average shares used in calculation of earnings per share:				
Basic.....	761	754	758	752
Diluted.....	771	766	769	764

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

	<u>September 30,</u> <u>2014</u>	<u>December 31,</u> <u>2013</u>
Assets		
Current assets:		
Cash, cash equivalents and marketable securities.....	\$ 28,075	\$ 19,401
Trade receivables, net.....	2,355	2,697
Inventories.....	2,885	3,019
Other current assets.....	<u>2,733</u>	<u>2,250</u>
Total current assets.....	36,048	27,367
Property, plant and equipment, net.....	5,267	5,349
Intangible assets, net.....	13,100	13,262
Goodwill.....	14,815	14,968
Restricted investments.....	-	3,412
Other assets.....	<u>1,545</u>	<u>1,767</u>
Total assets.....	<u>\$ 70,775</u>	<u>\$ 66,125</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities.....	\$ 6,051	\$ 5,442
Current portion of long-term debt.....	<u>2,500</u>	<u>2,505</u>
Total current liabilities.....	8,551	7,947
Long-term debt.....	30,480	29,623
Other non-current liabilities.....	6,419	6,459
Stockholders' equity.....	<u>25,325</u>	<u>22,096</u>
Total liabilities and stockholders' equity.....	<u>\$ 70,775</u>	<u>\$ 66,125</u>
Shares outstanding.....	761	755

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

	Three months ended		Nine months ended	
	September 30,	September 30,	September 30,	September 30,
	2014	2013	2014	2013
GAAP cost of sales	\$ 1,068	\$ 788	\$ 3,239	\$ 2,317
Adjustments to cost of sales:				
Acquisition-related expenses (a)	(276)	(70)	(970)	(211)
Impairment and accelerated depreciation charges pursuant to our restructuring initiatives	(28)	-	(28)	-
Stock option expense	(3)	(6)	(3)	(6)
Total adjustments to cost of sales	<u>(307)</u>	<u>(73)</u>	<u>(1,005)</u>	<u>(217)</u>
Adjusted cost of sales	\$ 761	\$ 715	\$ 2,234	\$ 2,100
GAAP research and development expenses	\$ 1,018	\$ 989	\$ 3,063	\$ 2,834
Adjustments to research and development expenses:				
Acquisition-related expenses (b)	(23)	(21)	(92)	(63)
Accelerated depreciation charges pursuant to our restructuring initiatives	(15)	-	(15)	-
Stock option expense	-	(6)	(3)	(6)
Total adjustments to research and development expenses	<u>(38)</u>	<u>(23)</u>	<u>(110)</u>	<u>(73)</u>
Adjusted research and development expenses	\$ 980	\$ 966	\$ 2,953	\$ 2,761
GAAP selling, general and administrative expenses	\$ 1,213	\$ 1,249	\$ 3,372	\$ 3,663
Adjustments to selling, general and administrative expenses:				
Expense resulting from clarified guidance on branded prescription drug fee (h)	(145)	-	(145)	-
Acquisition-related expenses (c)	(38)	(28)	(118)	(54)
Accelerated depreciation charges pursuant to our restructuring initiatives	(3)	-	(3)	-
Stock option expense	-	(3)	(3)	(10)
Total adjustments to selling, general and administrative expenses	<u>(186)</u>	<u>(31)</u>	<u>(269)</u>	<u>(64)</u>
Adjusted selling, general and administrative expenses	\$ 1,027	\$ 1,218	\$ 3,103	\$ 3,599
GAAP operating expenses	\$ 3,565	\$ 3,060	\$ 10,000	\$ 8,985
Adjustments to operating expenses:				
Adjustments to cost of sales	(307)	(73)	(1,005)	(217)
Adjustments to research and development expenses	(38)	(23)	(115)	(73)
Adjustments to selling, general and administrative expenses	(186)	(31)	(269)	(64)
Certain charges pursuant to our restructuring and other cost savings initiatives (d)	(330)	(35)	(968)	(48)
Benefits (Expense) resulting from changes in the estimated fair values of the contingent consideration obligations related to prior year business combinations	62	-	47	(111)
Other (e)	2	1	(5)	(14)
Total adjustments to operating expenses	<u>(797)</u>	<u>(161)</u>	<u>(1,730)</u>	<u>(357)</u>
Adjusted operating expenses	\$ 2,768	\$ 2,899	\$ 8,270	\$ 8,628
GAAP operating income	\$ 1,466	\$ 1,688	\$ 4,732	\$ 4,680
Adjustments to operating expenses	797	161	1,710	525
Adjusted operating income	\$ 2,263	\$ 1,849	\$ 6,442	\$ 5,205
GAAP other income/(expense)	\$ (129)	\$ (185)	\$ (433)	\$ (429)
Adjustments to other income/(expense):				
Non-cash interest expense associated with our convertible notes	-	-	-	12
Bridge financing costs associated with the Crivis business combination	-	22	-	22
Total adjustments to other income/(expense)	<u>-</u>	<u>22</u>	<u>-</u>	<u>34</u>
Adjusted other income/(expense)	\$ (129)	\$ (163)	\$ (433)	\$ (395)
GAAP income before income taxes	\$ 1,337	\$ 1,503	\$ 4,299	\$ 4,251
Adjustments to income before income taxes:				
Adjustments to operating expenses	797	161	1,710	525
Adjustments to other income/(expense)	-	22	-	34
Total adjustments to income before income taxes	<u>797</u>	<u>183</u>	<u>1,710</u>	<u>559</u>
Adjusted income before income taxes	\$ 2,134	\$ 1,686	\$ 6,009	\$ 4,810
GAAP provision for income taxes	\$ 93	\$ 135	\$ 435	\$ 191
Adjustments to provision for income taxes:				
Income tax effect of the above adjustments (f)	251	80	530	148
Other income tax adjustments (g)	21	10	14	48
Total adjustments to provision for income taxes	<u>272</u>	<u>70</u>	<u>544</u>	<u>196</u>
Adjusted provision for income taxes	\$ 365	\$ 205	\$ 979	\$ 387
GAAP net income	\$ 1,244	\$ 1,368	\$ 3,864	\$ 4,060
Adjustments to net income:				
Adjustments to income before income taxes, net of the income tax effect of the above adjustments	546	123	1,180	411
Other income tax adjustments (g)	(21)	(10)	(14)	(48)
Total adjustments to net income	<u>525</u>	<u>113</u>	<u>1,166</u>	<u>363</u>
Adjusted net income	\$ 1,769	\$ 1,481	\$ 5,030	\$ 4,423

Provided October 27, 2014, as part of an oral presentation and is qualified by such, contains forward-looking statements, actual results may vary materially; Amgen disclaims any duty to update.

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 September 30, 2014		Three months ended September 30, 2013	
	GAAP	Adjusted	GAAP	Adjusted
Net income.....	\$ 1,244	\$ 1,769	\$ 1,368	\$ 1,481
Weighted-average shares for diluted EPS.....	771	770	766	765
Diluted EPS.....	<u>\$ 1.61</u>	<u>\$ 2.30</u>	<u>\$ 1.79</u>	<u>\$ 1.94</u>

	Nine months ended September 30, 2014		Nine months ended September 30, 2013	
	GAAP	Adjusted	GAAP	Adjusted
Net income.....	\$ 3,864	\$ 5,030	\$ 4,060	\$ 4,423
Weighted-average shares for diluted EPS.....	769	769	764	764
Diluted EPS.....	<u>\$ 5.02</u>	<u>\$ 6.54</u>	<u>\$ 5.31</u>	<u>\$ 5.79</u>

- (a) The adjustments related primarily to non-cash amortization of intangible assets, including developed product technology rights, acquired in business combinations. For the nine months ended September 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.
- (c) The 2014 adjustments related primarily to non-cash amortization of intangible assets acquired in business combinations. The adjustments in 2013 related primarily to non-cash amortization of intangible assets acquired in prior year business combinations as well as \$15 million of transaction costs associated with the Onyx business combination which closed in the fourth quarter of 2013.
- (d) The adjustments related primarily to severance expenses.
- (e) The 2014 adjustments related primarily to various acquisition-related expenses. The 2013 adjustments related to various legal proceedings.
- (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 and nine months ended September 30, 2014, were 31.5% and 31.0%, respectively, compared with 32.8% and 26.5% for the corresponding periods of the prior year.
- (g) 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 as well as the impact related to prior period items excluded from adjusted earnings.
- (h) In July 2014, the Internal Revenue Service issued final regulations that required us to recognize an additional year of the non-tax deductible branded prescription drug fee in Q3 2014.

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

	Three months ended	
	September 30,	
	2014	2013
Operating Cash Flow.....	\$ 2,741	\$ 1,807
Capital Expenditures.....	(170)	(175)
Free Cash Flow.....	<u>\$ 2,571</u>	<u>\$ 1,632</u>

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

	2014		
GAAP diluted EPS guidance	\$ 6.51	-	\$ 6.61
Known adjustments to arrive at Adjusted earnings*:			
Acquisition-related expenses..... (a)		1.26	
Restructuring and other cost savings initiatives.....		0.51	
Branded prescription drug fee.....		0.19	
Tax adjustments..... (b)		(0.02)	
Adjusted diluted EPS guidance	<u>\$ 8.45</u>	<u>-</u>	<u>\$ 8.55</u>

* The known adjustments are presented net of their related tax impact which amount to approximately \$0.90 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 related to certain prior period items excluded from adjusted earnings.

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

	2014		
GAAP tax rate guidance	10%	-	11%
Tax rate effect of known adjustments discussed above.....		6%	
Adjusted tax rate guidance	<u>16%</u>	<u>-</u>	<u>17%</u>



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Q3 '14 Earnings Call

October 27, 2014