

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

	Three months ended	
	March 31,	
	2013	2012
Revenues:		
Product sales.....	\$ 4,151	\$ 3,901
Other revenues.....	87	147
Total revenues.....	<u>4,238</u>	<u>4,048</u>
Operating expenses:		
Cost of sales.....	744	750
Research and development.....	878	736
Selling, general and administrative.....	1,158	1,079
Other.....	16	6
Total operating expenses.....	<u>2,796</u>	<u>2,571</u>
Operating income.....	1,442	1,477
Interest expense, net.....	263	235
Interest and other income, net.....	<u>164</u>	<u>124</u>
Income before income taxes.....	1,343	1,366
Provision for income taxes.....	<u>(91)</u>	<u>182</u>
Net income.....	<u>\$ 1,434</u>	<u>\$ 1,184</u>
Earnings per share:		
Basic.....	\$ 1.91	\$ 1.50
Diluted.....	\$ 1.88	\$ 1.48
Average shares used in calculation of earnings per share:		
Basic.....	751	791
Diluted.....	764	800

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

	<u>March 31,</u> <u>2013</u>	<u>December 31,</u> <u>2012</u>
Assets		
Current assets:		
Cash, cash equivalents and marketable securities.....	\$ 21,271	\$ 24,061
Trade receivables, net.....	2,528	2,518
Inventories.....	2,737	2,744
Other current assets.....	2,159	1,886
Total current assets.....	<u>28,695</u>	<u>31,209</u>
Property, plant and equipment, net.....	5,296	5,326
Intangible assets, net.....	3,897	3,968
Goodwill.....	12,604	12,662
Other assets.....	1,148	1,133
Total assets.....	<u>\$ 51,640</u>	<u>\$ 54,298</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities.....	\$ 5,135	\$ 5,696
Current portion of long-term debt.....	7	2,495
Total current liabilities.....	<u>5,142</u>	<u>8,191</u>
Long-term debt.....	23,885	24,034
Other non-current liabilities.....	3,122	3,013
Stockholders' equity.....	19,491	19,060
Total liabilities and stockholders' equity.....	<u>\$ 51,640</u>	<u>\$ 54,298</u>
Shares outstanding.....	750	756

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

	Three months ended	
	March 31,	
	2013	2012
GAAP cost of sales	\$ 744	\$ 750
Adjustments to cost of sales:		
Non-cash amortization of product technology rights acquired in a prior year business combination	(71)	(71)
Stock option expense (a)	(2)	(3)
Certain charges pursuant to our continuing efforts to improve cost efficiencies in our operations	-	(10)
Total adjustments to cost of sales	<u>(73)</u>	<u>(84)</u>
Adjusted cost of sales	<u>\$ 671</u>	<u>\$ 666</u>
GAAP research and development expenses	\$ 878	\$ 736
Adjustments to research and development expenses:		
Acquisition-related expenses (b)	(22)	(7)
Stock option expense (a)	(5)	(6)
Total adjustments to research and development expenses	<u>(27)</u>	<u>(13)</u>
Adjusted research and development expenses	<u>\$ 851</u>	<u>\$ 723</u>
GAAP selling, general and administrative expenses	\$ 1,158	\$ 1,079
Adjustments to selling, general and administrative expenses:		
Acquisition-related expenses (c)	(10)	(15)
Stock option expense (a)	(4)	(7)
Total adjustments to selling, general and administrative expenses	<u>(14)</u>	<u>(22)</u>
Adjusted selling, general and administrative expenses	<u>\$ 1,144</u>	<u>\$ 1,057</u>
GAAP operating expenses	\$ 2,796	\$ 2,571
Adjustments to operating expenses:		
Adjustments to cost of sales	(73)	(84)
Adjustments to research and development expenses	(27)	(13)
Adjustments to selling, general and administrative expenses	(14)	(22)
Expense resulting from changes in the estimated fair values of the contingent consideration obligations related to a prior year business combination	(1)	(2)
Certain charges pursuant to our continuing efforts to improve cost efficiencies in our operations	-	(1)
Expense related to various legal proceedings	(15)	(3)
Total adjustments to operating expenses	<u>(130)</u>	<u>(125)</u>
Adjusted operating expenses	<u>\$ 2,666</u>	<u>\$ 2,446</u>
GAAP operating income	\$ 1,442	\$ 1,477
Adjustments to operating expenses	130	125
Adjusted operating income	<u>\$ 1,572</u>	<u>\$ 1,602</u>
GAAP other income/(expense)	\$ (99)	\$ (111)
Non-cash interest expense associated with our convertible notes	12	34
Adjusted other income/(expense)	<u>\$ (87)</u>	<u>\$ (77)</u>
GAAP income before income taxes	\$ 1,343	\$ 1,366
Adjustments to income before income taxes:		
Adjustments to operating expenses	130	125
Non-cash interest expense associated with our convertible notes	12	34
Total adjustments to income before income taxes	<u>142</u>	<u>159</u>
Adjusted income before income taxes	<u>\$ 1,485</u>	<u>\$ 1,525</u>
GAAP provision for income taxes	\$ (91)	\$ 182
Adjustments to provision for income taxes:		
Income tax effect of the above adjustments (d)	40	56
Income tax benefit from resolving certain non-routine transfer-pricing and acquisition-related issues with tax authorities	38	-
Total adjustments to provision for income taxes	<u>78</u>	<u>56</u>
Adjusted provision for income taxes	<u>\$ (13)</u>	<u>\$ 238</u>
GAAP net income	\$ 1,434	\$ 1,184
Adjustments to net income:		
Adjustments to income before income taxes, net of the tax effect of the above adjustments	102	103
Income tax benefit from resolving certain non-routine transfer-pricing and acquisition-related issues with tax authorities	(38)	-
Total adjustments to net income	<u>64</u>	<u>103</u>
Adjusted net income	<u>\$ 1,498</u>	<u>\$ 1,287</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, computed under the treasury stock method.
"Adjusted" EPS presented below excludes stock option expense:

	Three months ended March 31, 2013		Three months ended March 31, 2012	
	GAAP	"Adjusted"	GAAP	"Adjusted"
Income (Numerator):				
Net income for basic and diluted EPS.....	\$ 1,434	\$ 1,498	\$ 1,184	\$ 1,287
Shares (Denominator):				
Weighted-average shares for basic EPS.....	751	751	791	791
Effect of dilutive securities.....	13	13 (*)	9	8 (*)
Weighted-average shares for diluted EPS.....	<u>764</u>	<u>764</u>	<u>800</u>	<u>799</u>
Diluted EPS	<u>\$ 1.88</u>	<u>\$ 1.96</u>	<u>\$ 1.48</u>	<u>\$ 1.61</u>

(*) Dilutive securities used to compute "Adjusted" diluted EPS for the three months ended March 31, 2013 and 2012 were computed under the treasury stock method assuming that we do not expense stock options.

- (a) For the three months ended March 31, 2013 and 2012, the total pre-tax expense for employee stock options was \$11 million and \$16 million, respectively.

"Adjusted" diluted EPS including the impact of stock option expense for the three months ended March 31, 2013 and 2012 was as follows:

	Three months ended March 31,	
	2013	2012
"Adjusted" diluted EPS, excluding stock option expense.....	\$ 1.96	\$ 1.61
Impact of stock option expense (net of tax).....	<u>(0.01)</u>	<u>(0.02)</u>
"Adjusted" diluted EPS, including stock option expense.....	<u>\$ 1.95</u>	<u>\$ 1.59</u>

- (b) The adjustments in 2013 related primarily to non-cash amortization of intangible assets acquired in prior year business combinations. The adjustments in 2012 included non-cash amortization of intangible assets acquired in a prior year business combination and other acquisition-related expenses.
- (c) The adjustments in 2013 related to non-cash amortization of intangible assets acquired in prior year business combinations. The adjustments in 2012 related primarily to transaction costs as well as non-cash amortization of intangible assets acquired in prior year business combinations.
- (d) 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 and non-cash interest expense associated with our convertible notes, whereas the tax impact of other adjustments, including stock option expense, depends on 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 months ended March 31, 2013 and 2012, were 28.2% and 35.2%, respectively.

Note: For the three months ended March 31, 2012, expenses related to amortization of certain acquired intangible assets within operating expenses have been reclassified to conform to the current year presentation.

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

	Three months ended	
	March 31,	
	2013	2012
Cash Flows from Operations.....	\$ 1,049	\$ 972
Capital Expenditures.....	(158)	(144)
Free Cash Flow.....	\$ 891	\$ 828

Reconciliation of GAAP EPS Guidance to "Adjusted"
EPS Guidance for the Year Ending December 31, 2013
(Unaudited)

The Company updated its "Adjusted" EPS guidance to be above the midpoint of the range of \$7.05 to \$7.35.

	2013	
GAAP diluted EPS guidance.....	\$ 6.68	\$ 6.98
Known adjustments to arrive at "Adjusted" earnings*:		
Acquisition-related expenses..... (a)	0.36	
Stock option expense.....	0.03	
Expense related to a legal proceeding.....	0.02	
Non-cash interest expense associated with our convertible notes.....	0.01	
Tax settlement..... (b)	(0.05)	
"Adjusted" diluted EPS guidance	\$ 7.05	\$ 7.35

* The known adjustments are presented net of their related aggregate tax impact of approximately \$0.20 per share.

- (a) To exclude acquisition-related expenses related primarily to non-cash amortization of intangible assets acquired in prior year business combinations.
- (b) To exclude income tax benefit from resolving certain non-routine transfer-pricing and acquisition-related issues with tax authorities.

Reconciliation of GAAP Tax Rate Guidance to "Adjusted"
Tax Rate Guidance for the Year Ending December 31, 2013
(Unaudited)

	2013 with PR excise tax credit			2013 without PR excise tax credit		
GAAP tax rate guidance.....	9%	-	10%	13%	-	14%
Tax rate effect of known adjustments discussed above.....	2%			2%		
"Adjusted" tax rate guidance	11%	-	12%	15%	-	16%