

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

	Three months ended December 31,		Years ended December 31,	
	2012	2011	2012	2011
Revenues:				
Product sales.....	\$ 4,337	\$ 3,907	\$ 16,639	\$ 15,295
Other revenues.....	84	66	626	287
Total revenues.....	<u>4,421</u>	<u>3,973</u>	<u>17,265</u>	<u>15,582</u>
Operating expenses:				
Cost of sales (excludes amortization of certain acquired intangible assets presented below).....	852	656	2,918	2,427
Research and development.....	938	851	3,380	3,167
Selling, general and administrative.....	1,370	1,208	4,801	4,486
Amortization of certain acquired intangible assets.....	73	73	294	294
Other.....	100	23	295	896
Total operating expenses.....	<u>3,333</u>	<u>2,811</u>	<u>11,688</u>	<u>11,270</u>
Operating income.....	1,088	1,162	5,577	4,312
Interest expense, net.....	291	195	1,053	610
Interest and other income, net.....	<u>126</u>	<u>84</u>	<u>485</u>	<u>448</u>
Income before income taxes.....	923	1,051	5,009	4,150
Provision for income taxes.....	<u>135</u>	<u>117</u>	<u>664</u>	<u>467</u>
Net income.....	<u>\$ 788</u>	<u>\$ 934</u>	<u>\$ 4,345</u>	<u>\$ 3,683</u>
Earnings per share:				
Basic.....	\$ 1.03	\$ 1.09	\$ 5.61	\$ 4.07
Diluted.....	\$ 1.01	\$ 1.08	\$ 5.52	\$ 4.04
Average shares used in calculation of earnings per share:				
Basic.....	763	854	775	905
Diluted.....	778	861	787	912

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

	December 31, 2012	December 31, 2011
Assets		
Current assets:		
Cash, cash equivalents and marketable securities.....	\$ 24,061	\$ 20,641
Trade receivables, net.....	2,518	2,896
Inventories.....	2,744	2,484
Other current assets.....	1,886	1,572
Total current assets.....	<u>31,209</u>	<u>27,593</u>
Property, plant and equipment, net.....	5,326	5,420
Intangible assets, net.....	3,968	2,584
Goodwill.....	12,662	11,750
Other assets.....	1,133	1,524
Total assets.....	<u>\$ 54,298</u>	<u>\$ 48,871</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities.....	\$ 5,608	\$ 5,670
Current portion of long-term debt.....	2,495	84
Total current liabilities.....	<u>8,103</u>	<u>5,754</u>
Long-term debt.....	24,034	21,344
Other non-current liabilities.....	3,101	2,744
Stockholders' equity.....	19,060	19,029
Total liabilities and stockholders' equity.....	<u>\$ 54,298</u>	<u>\$ 48,871</u>
Shares outstanding.....	756	796

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

	Three months ended		Years ended	
	December 31,		December 31,	
	2012	2011	2012	2011
GAAP cost of sales	\$ 852	\$ 656	\$ 2,918	\$ 2,427
Adjustments to cost of sales:				
Certain charges pursuant to our continuing efforts to improve cost efficiencies in our operations (a)	(118)	(11)	(160)	(65)
Acquisition-related expenses	(4)	-	(11)	(7)
Stock option expense (b)	(3)	(2)	(12)	(10)
Total adjustments to cost of sales	<u>(125)</u>	<u>(13)</u>	<u>(183)</u>	<u>(82)</u>
Adjusted cost of sales	<u>\$ 727</u>	<u>\$ 643</u>	<u>\$ 2,735</u>	<u>\$ 2,345</u>
GAAP research and development expenses	\$ 938	\$ 851	\$ 3,380	\$ 3,167
Adjustments to research and development expenses:				
Acquisition-related expenses	(16)	(1)	(50)	(28)
Certain charges pursuant to our continuing efforts to improve cost efficiencies in our operations	-	-	(12)	-
Reversal of previously accrued expenses for bonuses and stock-based compensation awards, which were forfeited as a result of the employees' termination pursuant to our continuing efforts to improve cost efficiencies in our operations	-	-	-	12
Stock option expense (b)	(5)	(8)	(22)	(35)
Total adjustments to research and development expenses	<u>(21)</u>	<u>(9)</u>	<u>(84)</u>	<u>(51)</u>
Adjusted research and development expenses	<u>\$ 917</u>	<u>\$ 842</u>	<u>\$ 3,296</u>	<u>\$ 3,116</u>
GAAP selling, general and administrative expenses	\$ 1,370	\$ 1,208	\$ 4,801	\$ 4,486
Adjustments to selling, general and administrative expenses:				
Acquisition-related expenses	(14)	(1)	(59)	(12)
Stock option expense (b)	(5)	(8)	(25)	(40)
Total adjustments to selling, general and administrative expenses	<u>(19)</u>	<u>(9)</u>	<u>(84)</u>	<u>(52)</u>
Adjusted selling, general and administrative expenses	<u>\$ 1,351</u>	<u>\$ 1,199</u>	<u>\$ 4,717</u>	<u>\$ 4,434</u>
GAAP operating expenses	\$ 3,333	\$ 2,811	\$ 11,688	\$ 11,270
Adjustments to operating expenses:				
Adjustments to cost of sales	(125)	(13)	(183)	(82)
Adjustments to research and development expenses	(21)	(9)	(84)	(51)
Adjustments to selling, general and administrative expenses	(19)	(9)	(84)	(52)
Non-cash amortization of product technology rights acquired in a prior year business combination	(73)	(73)	(294)	(294)
Certain charges pursuant to our continuing efforts to improve cost efficiencies in our operations	(69)	(30)	(175)	(109)
Acquisition-related expenses	(6)	-	(25)	-
(Expense)/benefit resulting from changes in the estimated fair values of the contingent consideration obligations related to a prior year business combination	(26)	8	(31)	(1)
Benefit/(expenses) related to various legal proceedings	1	(1)	(64)	(786)
Total adjustments to operating expenses	<u>(338)</u>	<u>(127)</u>	<u>(940)</u>	<u>(1,375)</u>
Adjusted operating expenses	<u>\$ 2,995</u>	<u>\$ 2,684</u>	<u>\$ 10,748</u>	<u>\$ 9,895</u>
GAAP operating income	\$ 1,088	\$ 1,162	\$ 5,577	\$ 4,312
Adjustments to operating expenses	338	127	940	1,375
Adjusted operating income	<u>\$ 1,426</u>	<u>\$ 1,289</u>	<u>\$ 6,517</u>	<u>\$ 5,687</u>
GAAP other income/(expense)	\$ (165)	\$ (111)	\$ (568)	\$ (162)
Non-cash interest expense associated with our convertible notes	36	34	140	143
Adjusted other income/(expense)	<u>\$ (129)</u>	<u>\$ (77)</u>	<u>\$ (428)</u>	<u>\$ (19)</u>
GAAP income before income taxes	\$ 923	\$ 1,051	\$ 5,009	\$ 4,150
Adjustments to income before income taxes:				
Adjustments to operating expenses	338	127	940	1,375
Non-cash interest expense associated with our convertible notes	36	34	140	143
Total adjustments to income before income taxes	<u>374</u>	<u>161</u>	<u>1,080</u>	<u>1,518</u>
Adjusted income before income taxes	<u>\$ 1,297</u>	<u>\$ 1,212</u>	<u>\$ 6,089</u>	<u>\$ 5,668</u>
GAAP provision for income taxes	\$ 135	\$ 117	\$ 664	\$ 467
Adjustments to provision for income taxes:				
Income tax effect of the above adjustments (c)	97	56	329	331
Income tax net expense/(benefit) related to certain prior period items excluded from "Adjusted" earnings	(23)	-	(23)	12
Total adjustments to provision for income taxes	<u>74</u>	<u>56</u>	<u>306</u>	<u>343</u>
Adjusted provision for income taxes	<u>\$ 209</u>	<u>\$ 173</u>	<u>\$ 970</u>	<u>\$ 810</u>
GAAP net income	\$ 788	\$ 934	\$ 4,345	\$ 3,683
Adjustments to income before income taxes, net of the tax effect of the above adjustments	277	105	751	1,187
Income tax net expense/(benefit) related to certain prior period items excluded from "Adjusted" earnings	23	-	23	(12)
Adjusted net income	<u>\$ 1,088</u>	<u>\$ 1,039</u>	<u>\$ 5,119</u>	<u>\$ 4,858</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 December 31, 2012		Three months ended December 31, 2011	
	GAAP	"Adjusted"	GAAP	"Adjusted"
Income (Numerator):				
Net income for basic and diluted EPS.....	\$ 788	\$ 1,088	\$ 934	\$ 1,039
Shares (Denominator):				
Weighted-average shares for basic EPS.....	763	763	854	854
Effect of dilutive securities.....	15	15 (*)	7	6 (*)
Weighted-average shares for diluted EPS.....	<u>778</u>	<u>778</u>	<u>861</u>	<u>860</u>
Diluted EPS	<u>\$ 1.01</u>	<u>\$ 1.40</u>	<u>\$ 1.08</u>	<u>\$ 1.21</u>
Year ended December 31, 2012				
Year ended December 31, 2011				
Income (Numerator):				
Net income for basic and diluted EPS.....	\$ 4,345	\$ 5,119	\$ 3,683	\$ 4,858
Shares (Denominator):				
Weighted-average shares for basic EPS.....	775	775	905	905
Effect of dilutive securities.....	12	11 (*)	7	7 (*)
Weighted-average shares for diluted EPS.....	<u>787</u>	<u>786</u>	<u>912</u>	<u>912</u>
Diluted earnings per share	<u>\$ 5.52</u>	<u>\$ 6.51</u>	<u>\$ 4.04</u>	<u>\$ 5.33</u>

(*) Dilutive securities used to compute "Adjusted" diluted EPS for the three months and years ended December 31, 2012 and 2011 were computed under the treasury stock method assuming that we do not expense stock options.

- (a) The adjustments during the years ended 2012 and 2011 include incremental expenses resulting from our transaction with Boehringer Ingelheim. The adjustment during the three months ended December 31, 2012, relates to a charge in connection with the rationalization of our worldwide manufacturing operations.
- (b) For the three months and years ended December 31, 2012 and 2011, the total pre-tax expense for employee stock options was \$13 million and \$59 million, respectively and \$18 million and \$85 million, respectively.

"Adjusted" diluted EPS including the impact of stock option expense for the three months and years ended December 31, 2012 and 2011 was as follows:

	Three months ended December 31,		Years ended December 31,	
	2012	2011	2012	2011
"Adjusted" diluted EPS, excluding stock option expense.....	\$ 1.40	\$ 1.21	\$ 6.51	\$ 5.33
Impact of stock option expense (net of tax).....	(0.01)	(0.02)	(0.06)	(0.07)
"Adjusted" diluted EPS, including stock option expense.....	<u>\$ 1.39</u>	<u>\$ 1.19</u>	<u>\$ 6.45</u>	<u>\$ 5.26</u>

- (c) 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 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 and years ended December 31, 2012, were 25.9% and 30.5%, respectively, compared with 34.8% and 21.8% for the corresponding periods of the prior year.

Amgen Inc.
Reconciliation of GAAP Debt Outstanding to "Adjusted" Debt Outstanding
(In millions)
(Unaudited)

	<u>GAAP</u>	<u>Adjustments for accounting standard (a)</u>	<u>"Adjusted"</u>
December 31, 2011.....	\$ 21,428	\$ 154	\$ 21,582
December 31, 2012.....	\$ 26,529	\$ 12	\$ 26,541

- (a) To exclude the impact of bifurcating the debt and equity components of our convertible notes as required by U.S. accounting standards for these securities commencing in 2009.

Reconciliation of Free Cash Flow
(In millions)
(Unaudited)

	<u>Years ended December 31,</u>	
	<u>2012</u>	<u>2011</u>
Cash Flows from Operations.....	\$ 5,882	\$ 5,119
Capital Expenditures.....	(689)	(567)
Free Cash Flow.....	<u>\$ 5,193</u>	<u>\$ 4,552</u>

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

	<u>2013</u>	
GAAP EPS (diluted) guidance.....	\$ 6.46	\$ 6.76
Known adjustments to arrive at "Adjusted" earnings*:		
Amortization of acquired intangible assets..... (a)	0.34	
Stock option expense..... (b)	0.04	
Non-cash interest expense associated with our convertible notes..... (c)	0.01	
"Adjusted" EPS (diluted) guidance	\$ 6.85	\$ 7.15

* The known adjustments are presented net of their related aggregate tax impact of approximately \$0.19 per share.

- (a) To exclude the non-cash amortization of intangible assets acquired in prior year business combinations.
- (b) To exclude stock option expense.
- (c) To exclude the non-cash interest expense associated with our convertible notes.

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

	<u>2013 with PR excise tax credit</u>		<u>2013 without PR excise tax credit</u>	
GAAP tax rate guidance.....	12.5%	13.6%	15.8%	16.9%
Tax rate effect of known adjustments discussed above.....	1.5%	1.4%	1.2%	1.1%
"Adjusted" tax rate guidance	14.0%	15.0%	17.0%	18.0%

Amgen Inc.

Reconciliation of GAAP EPS Guidance to “Adjusted” EPS Guidance for the Year Ending December 31, 2015

Management has presented herein certain forward-looking statements about the Company's future financial performance that include non-GAAP (or “as-adjusted”) EPS for the Year Ending December 31, 2015. This non-GAAP financial measure is derived by excluding certain amounts, expenses or income, from the corresponding financial measure 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 a 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;
- The impact of accounting for stock options;
- Charges associated with cost saving initiatives, including but not limited to asset impairments, accelerated depreciation, severance costs and lease abandonment charges;
- Legal settlements or awards;
- The tax effect of the above items; and
- Non-routine settlements with tax authorities.