

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

	Three months ended September 30,		Nine months ended 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.....	140	72	377	332
Income before income taxes.....	1,337	1,503	4,299	4,251
Provision for income taxes.....	93	135	435	191
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

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

	<u>September 30, 2014</u>	<u>December 31, 2013</u>
<b>Assets</b>		
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.....	2,733	2,250
Total current assets.....	<u>36,048</u>	<u>27,367</u>
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.....	1,545	1,767
Total assets.....	<u>\$ 70,775</u>	<u>\$ 66,125</u>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable and accrued liabilities.....	\$ 6,051	\$ 5,442
Current portion of long-term debt.....	2,500	2,505
Total current liabilities.....	<u>8,551</u>	<u>7,947</u>
Long-term debt.....	30,480	29,623
Other non-current liabilities.....	6,419	6,459
Stockholders' equity.....	25,325	22,096
Total liabilities and stockholders' equity.....	<u>\$ 70,775</u>	<u>\$ 66,125</u>
Shares outstanding.....	761	755

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

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2014	2013	2014	2013
<b>GAAP cost of sales</b>	\$ 1,068	\$ 788	\$ 3,239	\$ 2,317
<b>Adjustments to cost of sales:</b>				
Acquisition-related expenses (a)	(276)	(70)	(970)	(211)
Impairment and accelerated depreciation charges pursuant to our restructuring initiatives	(28)	-	(28)	-
Stock option expense	(3)	(3)	(7)	(6)
<b>Total adjustments to cost of sales</b>	<u>(307)</u>	<u>(73)</u>	<u>(1,005)</u>	<u>(217)</u>
<b>Adjusted cost of sales</b>	<u>\$ 761</u>	<u>\$ 715</u>	<u>\$ 2,234</u>	<u>\$ 2,100</u>
<b>GAAP research and development expenses</b>	\$ 1,018	\$ 989	\$ 3,063	\$ 2,834
<b>Adjustments to research and development expenses:</b>				
Acquisition-related expenses (b)	(23)	(21)	(92)	(63)
Accelerated depreciation charges pursuant to our restructuring initiatives	(15)	-	(15)	-
Stock option expense	-	(2)	(3)	(10)
<b>Total adjustments to research and development expenses</b>	<u>(38)</u>	<u>(23)</u>	<u>(110)</u>	<u>(73)</u>
<b>Adjusted research and development expenses</b>	<u>\$ 980</u>	<u>\$ 966</u>	<u>\$ 2,953</u>	<u>\$ 2,761</u>
<b>GAAP selling, general and administrative expenses</b>	\$ 1,213	\$ 1,249	\$ 3,372	\$ 3,663
<b>Adjustments to selling, general and administrative expenses:</b>				
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)
<b>Total adjustments to selling, general and administrative expenses</b>	<u>(186)</u>	<u>(31)</u>	<u>(269)</u>	<u>(64)</u>
<b>Adjusted selling, general and administrative expenses</b>	<u>\$ 1,027</u>	<u>\$ 1,218</u>	<u>\$ 3,103</u>	<u>\$ 3,599</u>
<b>GAAP operating expenses</b>	\$ 3,565	\$ 3,060	\$ 10,000	\$ 8,985
<b>Adjustments to operating expenses:</b>				
Adjustments to cost of sales	(307)	(73)	(1,005)	(217)
Adjustments to research and development expenses	(38)	(23)	(110)	(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)	(368)	(46)
Benefit/(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)
<b>Total adjustments to operating expenses</b>	<u>(797)</u>	<u>(161)</u>	<u>(1,710)</u>	<u>(525)</u>
<b>Adjusted operating expenses</b>	<u>\$ 2,768</u>	<u>\$ 2,899</u>	<u>\$ 8,290</u>	<u>\$ 8,460</u>
<b>GAAP operating income</b>	\$ 1,466	\$ 1,688	\$ 4,732	\$ 4,680
Adjustments to operating expenses	797	161	1,710	525
<b>Adjusted operating income</b>	<u>\$ 2,263</u>	<u>\$ 1,849</u>	<u>\$ 6,442</u>	<u>\$ 5,205</u>
<b>GAAP other income/(expense)</b>	\$ (129)	\$ (185)	\$ (433)	\$ (429)
<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	-	22
<b>Total adjustments to other income/(expense)</b>	<u>-</u>	<u>22</u>	<u>-</u>	<u>34</u>
<b>Adjusted other income/(expense)</b>	<u>\$ (129)</u>	<u>\$ (163)</u>	<u>\$ (433)</u>	<u>\$ (395)</u>
<b>GAAP income before income taxes</b>	\$ 1,337	\$ 1,503	\$ 4,299	\$ 4,251
<b>Adjustments to income before income taxes:</b>				
Adjustments to operating expenses	797	161	1,710	525
Adjustments to other income/(expense)	-	22	-	34
<b>Total adjustments to income before income taxes</b>	<u>797</u>	<u>183</u>	<u>1,710</u>	<u>559</u>
<b>Adjusted income before income taxes</b>	<u>\$ 2,134</u>	<u>\$ 1,686</u>	<u>\$ 6,009</u>	<u>\$ 4,810</u>
<b>GAAP provision for income taxes</b>	\$ 93	\$ 135	\$ 435	\$ 191
<b>Adjustments to provision for income taxes:</b>				
Income tax effect of the above adjustments (f)	251	60	530	148
Other income tax adjustments (g)	21	10	14	48
<b>Total adjustments to provision for income taxes</b>	<u>272</u>	<u>70</u>	<u>544</u>	<u>196</u>
<b>Adjusted provision for income taxes</b>	<u>\$ 365</u>	<u>\$ 205</u>	<u>\$ 979</u>	<u>\$ 387</u>
<b>GAAP net income</b>	\$ 1,244	\$ 1,368	\$ 3,864	\$ 4,060
<b>Adjustments to net income:</b>				
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)
<b>Total adjustments to net income</b>	<u>525</u>	<u>113</u>	<u>1,166</u>	<u>363</u>
<b>Adjusted net income</b>	<u>\$ 1,769</u>	<u>\$ 1,481</u>	<u>\$ 5,030</u>	<u>\$ 4,423</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. Dilutive securities used to compute Adjusted diluted EPS were computed assuming that we do not expense stock options.

	<b>Three months ended September 30, 2014</b>		<b>Three months ended September 30, 2013</b>	
	<b>GAAP</b>	<b>Adjusted</b>	<b>GAAP</b>	<b>Adjusted</b>
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>
	<b>Nine months ended September 30, 2014</b>		<b>Nine months ended September 30, 2013</b>	
	<b>GAAP</b>	<b>Adjusted</b>	<b>GAAP</b>	<b>Adjusted</b>
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.

**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
<b>Known adjustments to arrive at Adjusted earnings*:</b>		
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)	
<b>Adjusted diluted EPS guidance .....</b>	<u>\$ 8.45</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%	
<b>Adjusted tax rate guidance .....</b>	<u>16%</u>	<u>17%</u>