# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION

**Washington, D.C. 20549**

# Form 10-K

**(Mark One)**

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the fiscal year ended December 31, 2014**

**OR**

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**Commission file number 000-12477**

# Amgen Inc.

(Exact name of registrant as specified in its charter)

| **Delaware** | **95-3540776** |
|---|---|
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |
| **One Amgen Center Drive,** | **91320-1799** |
| **Thousand Oaks, California** | (Zip Code) |
| (Address of principal executive offices) | |

**(805) 447-1000**

(Registrant's telephone number, including area code)

**Securities registered pursuant to Section 12(b) of the Act:**

| **Title of Each Class** | **Name of Each Exchange on Which Registered** |
|---|---|
| Common stock, $0.0001 par value | The NASDAQ Global Select Market |

**Securities registered pursuant to Section 12(g) of the Act: None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or Section 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

| Large accelerated filer x | Accelerated filer ☐ | Non-accelerated filer ☐ (Do not check if a smaller reporting company) | Smaller reporting company ☐ |
|---|---|---|---|

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act) Yes ☐ No ☒

The approximate aggregate market value of voting and non-voting stock held by non-affiliates of the registrant was $89,797,013,692 as of June 30, 2014(A)

(A) Excludes 805,131 shares of common stock held by directors and executive officers at June 30, 2014. Exclusion of shares held by any person should not be construed to indicate that such person possesses the power, directly or indirectly, to direct or cause the direction of the management or policies of the registrant, or that such person is controlled by or under common control with the registrant.

**758,861,306**

(Number of shares of common stock outstanding as of February 12, 2015)

**DOCUMENTS INCORPORATED BY REFERENCE**

Specified portions of the registrant's Proxy Statement with respect to the 2015 Annual Meeting of stockholders to be held May 14, 2015, are incorporated by reference into Part III of this annual report.

**INDEX**

## PART I

### Item 1. BUSINESS

Amgen Inc. (including its subsidiaries, referred to as "Amgen," "the Company," "we," "our" or "us") is committed to unlocking the potential of biology for patients suffering from serious illnesses by discovering, developing, manufacturing and delivering innovative human therapeutics. This approach begins by using tools like advanced human genetics to unravel the complexities of disease and understand the fundamentals of human biology.

Amgen focuses on areas of high unmet medical need and leverages its biologics manufacturing expertise to strive for solutions that improve health outcomes and dramatically improve people's lives. A biotechnology pioneer, Amgen has grown to be one of the world's leading independent biotechnology companies, has reached millions of patients around the world and is developing a pipeline of medicines with breakaway potential.

Amgen was incorporated in California in 1980 and became a Delaware corporation in 1987. Amgen operates in one business segment: human therapeutics.

**Significant Developments**

Following is a summary of significant developments that occurred in 2014 and early 2015 affecting our business.

*Products/Pipeline*

*Cardiovascular*

*Repatha™ (evolocumab)**

- In August 2014, we announced that the phase 3 YUKAWA-2 (StudY of LDL-Cholesterol Reduction Using a Monoclonal PCSK9 Antibody in Japanese Patients With Advanced Cardiovascular Risk) study evaluating evolocumab in combination with statin therapy in Japanese patients with high cardiovascular risk and high cholesterol met its co-primary endpoints.
- In September 2014, we announced that we submitted a Marketing Authorization Application (MAA) to the European Medicines Agency (EMA) for the treatment of high cholesterol.
- In November 2014, we announced that the U.S. Food and Drug Administration (FDA) accepted for review our Biologics License Application (BLA) for evolocumab for the treatment of high cholesterol.

*Corlanor® (ivabradine)**

- In August 2014, we announced that the FDA granted priority review designation for the treatment of chronic heart failure.
- In January 2015, we announced a three-month extension of the Prescription Drug User Fee Act (PDUFA) target action date due to a request from the FDA for submission of additional existing clinical data, which has been submitted.

*Inflammation*

*Brodalumab*

- In April 2014, we announced the initiation of two phase 3 studies in patients with psoriatic arthritis.
- In 2014, we and AstraZeneca Plc. (AstraZeneca) announced that all three phase 3 AMAGINE™ trials evaluating brodalumab in patients with moderate-to-severe plaque psoriasis met all their primary endpoints.

*Nephrology*

*AMG 416*

- In July 2014, we announced that a phase 3 study evaluating AMG 416 for the treatment of secondary hyperparathyroidism in patients with chronic kidney disease (CKD) receiving hemodialysis, met its primary and all secondary endpoints.
- In August 2014, we announced that a second placebo-controlled phase 3 study evaluating AMG 416 for the treatment of secondary hyperparathyroidism in patients with CKD, receiving hemodialysis, met its primary and all secondary endpoints.

* FDA provisionally approved trade name

*Oncology*

*BLINCYTO™ (blinatumomab)*

- In October 2014, we announced that we submitted an MAA to the EMA for the treatment of adults with Philadelphia-negative relapsed/refractory B-precursor acute lymphoblastic leukemia (ALL), a rapidly progressing cancer of the blood and bone marrow.
- In December 2014, we announced that the FDA has granted approval of BLINCYTO™ for the treatment of patients with Philadelphia chromosome-negative (Ph-) relapsed or refractory B-cell precursor ALL. This indication is approved under accelerated approval and continued approval for this indication may be contingent upon verification of clinical benefit in subsequent trials. Commercial sales launched in December 2014.

*Kyprolis® (carfilzomib) for Injection*

- In August 2014, we and our subsidiary Onyx Pharmaceuticals, Inc. (Onyx) announced that a planned interim analysis demonstrated that the phase 3 clinical trial ASPIRE (CArfilzomib, Lenalidomide, and DexamethaSone versus Lenalidomide and Dexamethasone for the treatment of PatIents with Relapsed Multiple MyEloma) met its primary endpoint of progression-free survival (PFS). While the data for overall survival, a secondary endpoint, are not yet mature, the analysis showed a trend in favor of Kyprolis® in combination with REVLIMID® (lenalidomide) and low-dose dexamethasone that did not reach statistical significance.
- In August 2014, we and Onyx announced that the phase 3 clinical trial FOCUS (CarFilzOmib for AdvanCed Refractory MUltiple Myeloma European Study) did not meet its primary endpoint of improving overall survival.
- In January 2015, we and Onyx announced the submission of a supplemental New Drug Application (sNDA) to the FDA and an MAA to the EMA for Kyprolis® to seek approval for the treatment of patients with relapsed multiple myeloma who have received at least one prior therapy. In the United States, the sNDA is designed to support the conversion of accelerated approval to full approval and expand the current approved indication. In the European Union (EU), Kyprolis® received orphan drug designation and the MAA has been granted accelerated assessment.

*Neulasta® (pegfilgrastim)*

- In December 2014, the FDA granted approval of the Neulasta® Delivery Kit, including the On-body Injector for Neulasta®.

*Rilotumumab*

- In November 2014, we announced the termination of all Amgen-sponsored clinical studies of rilotumumab in advanced gastric cancer, including the phase 3 RILOMET-1 and RILOMET-2 studies.

*Talimogene laherparepvec*

- In July 2014, we announced that we submitted a BLA in the United States for regionally and distantly metastatic melanoma.
- In September 2014, we announced that we submitted an MAA to the EMA for the treatment of adults with regionally and distantly metastatic melanoma.
- In January 2015, we announced a three-month extension of the PDUFA target action date for our BLA due to a request from the FDA for submission of additional existing manufacturing data, which has been submitted.

*Trebananib*

- In November 2014, we announced the top-line secondary endpoint results of overall survival from the phase 3 TRINOVA-1 trial in women with recurrent platinum-resistant ovarian cancer. The study, which evaluated trebananib plus paclitaxel versus placebo plus paclitaxel, did not demonstrate a statistically significant improvement in overall survival. We have terminated the clinical development program in recurrent ovarian cancer.

*Biosimilars*

- In October 2014, we announced that the phase 3 study evaluating efficacy and safety of biosimilar candidate ABP 501 compared with Humira® (adalimumab) in patients with moderate-to-severe plaque psoriasis met its primary endpoint.
- In February 2015, we announced that the phase 3 study evaluating efficacy and safety of biosimilar candidate ABP 501 compared with Humira® in patients with moderate-to-severe rheumatoid arthritis (RA) met its primary and key secondary endpoints.

*Next-Generation Biomanufacturing*

- In 2014, we completed facilities construction and entered the licensure process for a Next-Generation Biomanufacturing facility in Singapore. We believe, when licensed, this facility will enable us to increase our manufacturing productivity versus conventional alternatives at lower capital costs and operating expense.

*Reallocating Resources to Drive Growth*

- During the second half of 2014, we announced a restructuring plan which will reduce staff by between 3,500 and 4,000 positions by the end of 2015. In addition, we will close our facilities in the states of Washington and Colorado, and will reduce the number of buildings at our headquarters in Thousand Oaks, California. The total pre-tax restructuring charges are expected to range between approximately $935 million and $1,035 million. As of December 31, 2014, $558 million of these charges have been incurred.

**Marketing, Distribution and Selected Marketed Products**

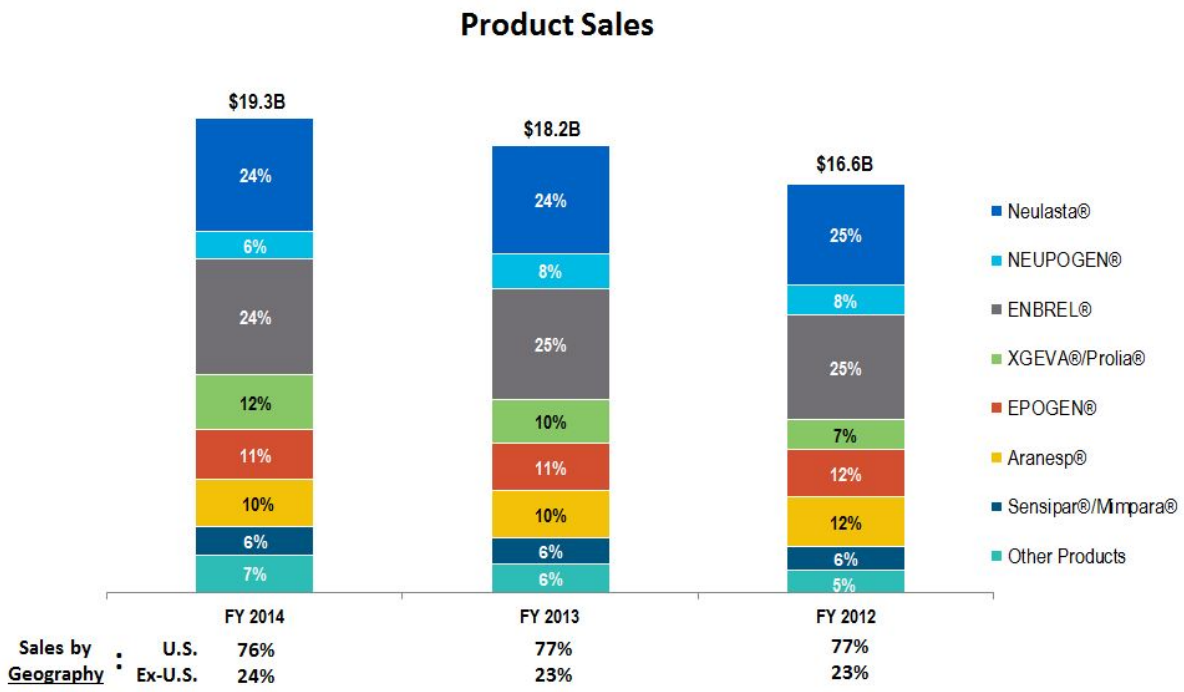
Our sales and marketing forces are mainly located in the United States and Europe. Additionally, we continue to expand the commercialization and marketing of our products into new geographic markets, including Latin America and parts of the Middle East. This is achieved either through the establishment of our own sales and marketing force, acquisition of existing third-party operations or product licenses, or in partnership with third parties. See Business Relationships. Together with our partners, we market our products to healthcare providers, including physicians or their clinics, dialysis centers, hospitals and pharmacies.

In the United States, we sell primarily to pharmaceutical wholesale distributors. We utilize those wholesale distributors as the principal means of distributing our products to healthcare providers. We also market certain products directly to consumers through direct-to-consumer print and television advertising, as well as through the Internet. For further discussion, see Government Regulation—Regulation of Product Marketing and Promotion. Outside the United States, we sell principally to healthcare providers and/or pharmaceutical wholesale distributors depending on the distribution practice in each country.

Our product sales to three large wholesalers, AmerisourceBergen Corporation, McKesson Corporation and Cardinal Health, Inc., each accounted for more than 10% of total revenues for each of the years ended December 31, 2014, 2013 and 2012. On a combined basis, these wholesalers accounted for approximately 94%, 93% and 94% of our U.S. gross product sales, respectively, and approximately 77%, 75% and 76% of our worldwide gross revenues, respectively. We monitor the financial condition of our larger customers, and we limit our credit exposure by setting credit limits and, for certain circumstances, requiring letters of credit.

For financial information related to our one business segment, see Part IV—Consolidated Statements of Income, Consolidated Balance Sheets and Note 19, Segment information, to the Consolidated Financial Statements.

We market our principal products primarily in the United States in oncology, inflammation, nephrology and bone health. The following chart shows our product sales by principal product and by geography for the years ended December 31, 2014, 2013 and 2012.



*Neulasta® (pegfilgrastim)/NEUPOGEN®(filgrastim)*

We market Neulasta®, a pegylated protein based on the filgrastim molecule, primarily in the United States and Europe. Neulasta® was launched in 2002 and is indicated to decrease the incidence of infection associated with chemotherapy-induced febrile neutropenia in cancer patients with non-myeloid malignancies. In December 2014, the FDA granted approval of the Neulasta® Delivery Kit, including the On-body Injector for Neulasta®. We market NEUPOGEN®, a recombinant-methionyl human granulocyte colony-stimulating factor (G-CSF), primarily in the United States, Canada and Europe. NEUPOGEN® was launched in 1991 and is used primarily in the indication for reducing the incidence of infection as manifested by febrile neutropenia for patients with non-myeloid malignancies undergoing myelosuppressive chemotherapy associated with a significant incidence of severe neutropenia with fever.

*Enbrel® (etanercept)*

We market ENBREL primarily in the United States. It was launched in 1998 and is used primarily in the indications for the treatment of adult patients with the following conditions:

- moderately to severely active RA,
- chronic moderate-to-severe plaque psoriasis patients who are candidates for systemic therapy or phototherapy, and
- active psoriatic arthritis.

The rights to market and sell ENBREL outside the United States and Canada are reserved to Pfizer Inc. (Pfizer).

*XGEVA®/Prolia® (denosumab)*

We market XGEVA® and Prolia® primarily in the United States and Europe. Both products contain the same active ingredient but are approved for different indications, patient populations, doses and frequencies of administration.

XGEVA® was launched in the United States in 2010 and is used primarily in the indication for the prevention of skeletal-related events (SREs) (pathological fracture, radiation to bone, spinal cord compression or surgery to bone) in patients with bone metastases from solid tumors. It is not indicated for the prevention of SREs in patients with multiple myeloma. XGEVA® was launched in Europe in 2011 and is used primarily in the indication for the prevention of SREs in adults with bone metastases from solid tumors.

Prolia® was launched in the United States and Europe in 2010. In the United States, it is used primarily in the indication for the treatment of postmenopausal women with osteoporosis at high risk for fracture, defined as a history of osteoporotic fracture, or multiple risk factors for fracture, or patients who have failed or are intolerant to other available osteoporosis therapy. In Europe, Prolia® is used primarily for the treatment of osteoporosis in postmenopausal women at increased risk of fractures.

*ESAs (erythropoiesis-stimulating agents)*

*EPOGEN® (epoetin alfa)*

We market EPOGEN® in the United States for dialysis patients. It was launched in 1989, and we market it for the indication to treat a lower-than-normal number of red blood cells (anemia) caused by CKD in patients on dialysis to lessen the need for red blood cell transfusions. The majority of our sales are to two large dialysis providers.

*Aranesp® (darbepoetin alfa)*

We market Aranesp® primarily in Europe and in the United States. It was launched in 2001 and is indicated for the treatment of anemia associated with CKD (in both patients on dialysis and patients not on dialysis) and the treatment of anemia due to concomitant myelosuppressive chemotherapy in patients with non-myeloid malignancies.

*Sensipar®/Mimpara® (cinacalcet)*

We market cinacalcet as Sensipar® primarily in the United States and as Mimpara® primarily in Europe. It was launched in 2004 and is used primarily in the indication for the treatment of secondary hyperparathyroidism in CKD patients on dialysis.

*Other Marketed Products*

We market several other products including Kyprolis® (marketed by Onyx, an Amgen subsidiary), Nplate® (romiplostim), Vectibix® (panitumumab) and BLINCYTO™.

**Patents**

The following table describes our outstanding material patents for the indicated product by territory, general subject matter and latest expiry date. One or more patents with the same or earlier expiry date may fall under the same "general subject matter" and are not separately listed.

| Product | Territory | General Subject Matter | Expiration |
|---|---|---|---|
| Neulasta® (pegfilgrastim) | U.S. | Pegylated G-CSF | 10/20/2015 |
| | Europe | Pegylated G-CSF[1] | 2/8/2015 |
| Enbrel® (etanercept) | U.S. | Methods of treating psoriasis | 8/13/2019 |
| | U.S. | Aqueous formulation and methods of treatment using the formulation[2] | 6/8/2023 |
| | U.S. | Fusion protein, and pharmaceutical compositions | 11/22/2028 |
| | U.S. | DNA encoding fusion protein, and methods of making fusion protein | 4/24/2029 |
| Prolia®/ XGEVA® (denosumab) | U.S. | RANKL antibodies; and methods of use[3] | 12/22/2017 |
| | U.S. | Methods of treatment | 6/25/2022 |
| | U.S. | Nucleic acids encoding RANKL antibodies, and methods of producing RANKL antibodies | 11/30/2023 |
| | U.S. | RANKL antibodies including sequences | 2/19/2025 |
| | Europe | RANKL antibodies[1] | 12/22/2017 |
| | Europe | Medical use of RANKL antibodies[1] | 4/15/2018 |
| | Europe | RANKL antibodies including epitope binding | 2/23/2021 |
| | Europe | RANKL antibodies including sequences[1] | 6/25/2022 |
| EPOGEN® (epoetin alfa) | U.S. | Cells that make certain levels of erythropoietin | 5/26/2015 |
| Aranesp® (darbepoetin alfa) | U.S. | Glycosylation analogs of erythropoietin proteins | 5/15/2024 |
| | Europe | Glycosylation analogs of erythropoietin proteins[1] | 8/16/2014 |
| Sensipar®/ Mimpara® (cinacalcet) | U.S. | Calcium receptor-active molecules including species | 10/23/2015 |
| | U.S. | Methods of treatment | 12/14/2016 |
| | U.S. | Calcium receptor-active molecules | 3/8/2018 |
| | Europe | Calcium receptor-active molecules[1] | 10/23/2015 |
| Vectibix® (panitumumab) | U.S. | Human monoclonal antibodies to epidermal growth factor receptor (EGFr) | 4/8/2020 |
| | Europe | Human monoclonal antibodies to EGFr[1] | 5/5/2018 |
| Nplate® (romiplostim) | U.S. | Thrombopoietic compounds | 1/19/2022 |
| | Europe | Thrombopoietic compounds[1] | 10/22/2019 |
| Kyprolis® (carfilzomib) | U.S. | Compositions, and methods of treatment[4] | 4/14/2025 |
| | Europe | Compositions | 8/8/2025 |
| BLINCYTO™ (blinatumomab) | U.S. | Bifunctional polypeptides[4] | 4/21/2019 |
| | U.S. | Method of administration | 9/28/2027 |
| | Europe | Bifunctional polypeptides | 4/21/2019 |
| | Europe | Method of administration | 11/29/2026 |

(1) A European patent with this subject matter may also be entitled to supplemental protection in one or more countries in Europe and the length of any such extension will vary by country. For example, supplementary protection certificates have been issued related to the indicated products for patents in at least the following countries:

- pegfilgrastim - France, Germany, Italy, Spain, and the United Kingdom, expiring in 2017
- darbepoetin alfa - France, Germany, Italy, Spain, and the United Kingdom, expiring in 2016
- denosumab - France, Italy and Spain, expiring in 2025
- cinacalcet - France, Germany, Italy, Spain, and the United Kingdom, expiring in 2019
- panitumumab - France, Germany, Italy, Spain, and the United Kingdom, expiring in 2022
- romiplostim - France, Italy, Spain, and the United Kingdom, expiring in 2024

(2) This formulation patent relates to the currently approved liquid formulation of ENBREL, which formulation accounts for the majority of ENBREL sales in the United States. However, ENBREL is also sold as an alternative lyophilized formulation that requires reconstituting before it can be administered to the patient.

(3) The U.S. Patent and Trademark Office has issued a Notice of Final Determination that a patent with this subject matter is eligible for patent term extension with an expiry of September 17, 2021.

(4) A patent with this subject matter may be entitled to patent term extension in the United States.

**Competition**

We operate in a highly competitive environment. Our products compete with other products or treatments for diseases for which our products may be indicated. Our competitors market products or are actively engaged in R&D in areas where we have products, where we are developing product candidates or new indications for existing products. Our competitive positions may be based on, among other things, safety, efficacy, reliability, availability, patient convenience/delivery devices, price, reimbursement, timing of market entry and patent position and expiration.

Certain of the existing patents on our principal products have recently expired or will expire this year or over the next few years, and we expect to face increasing competition thereafter, including from biosimilars. A biosimilar is another version of a biological product for which marketing approval is sought or has been obtained based on a demonstration that it is "biosimilar" to the original reference product. See Government Regulation. We may also compete against biosimilar or generic versions of our competitors' products. In the EU, we continue to face competition from biosimilars. In the United States after patent expiration, we expect to face greater competition than today, including from manufacturers with biosimilars approved in Europe, which may seek to obtain U.S. approval.

Some of our products compete with each other. For example, Aranesp® and EPOGEN® compete in the United States, primarily in the dialysis setting. Neulasta® competes with NEUPOGEN®, as Neulasta® is administered as a single dose per chemotherapy cycle while NEUPOGEN® requires more frequent dosing. NEUPOGEN® sales have been adversely impacted by conversion to Neulasta®, which we believe is substantially complete.

The introduction of new products, the development of new processes or technologies by competitors or the emergence of new information about existing products may result in increased competition for our marketed products, even for those protected by patents, or in a reduction of the price that we receive from selling our products. In addition, the development of new treatment options or standards of care may reduce the use of our products or may limit the utility and application of ongoing clinical trials for our product candidates. For further discussion, see Item 1A. Risk Factors—We expect to face increasing competition from biosimilars and Item 1A. Risk Factors—Our products face substantial competition.

The following table reflects our significant competitors and is not exhaustive.

| Product | Territory | Competitor Marketed Product | Competitors |
|---|---|---|---|
| Neulasta®/ NEUPOGEN® | U.S. | Granix®(1) | Teva Pharmaceutical Industries Ltd. (Teva) |
| | Europe | Lonquex®(2) | Teva |
| | Europe | Filgrastim biosimilars(3) | Various |
| ENBREL | U.S. & Canada | REMICADE® | Janssen Biotech, Inc. (Janssen)(8)/Merck & Company, Inc. |
| | U.S. & Canada | HUMIRA® | AbbVie Inc. |
| | U.S. & Canada | STELARA®(4) | Janssen(8) |
| XGEVA® | U.S. & Europe | Zometa® | Novartis AG (Novartis) |
| | U.S. & Europe | Zoledronate generics | Various |
| Prolia® | U.S. & Europe | Alendronate generics | Various |
| | U.S. & Europe | Raloxifene generics | Various |
| | U.S. & Europe | Zoledronate generics | Various |
| EPOGEN® | U.S. | MIRCERA®(5) | F. Hoffmann-La Roche Ltd. (Roche) |
| Aranesp® | U.S. | PROCRIT®(6) | Janssen(8) |
| | Europe | EPREX®/ERYPO® | Janssen-Cilag(8) |
| | Europe | Epoetin alfa biosimilars(3) | Various |
| | Europe | MIRCERA®(5) | Roche |

| Product | Territory | Competitor Marketed Product | Competitors |
|---|---|---|---|
| Sensipar®[7]/ Mimpara® | U.S. & Europe | Active Vitamin D analogs | Various |
| Vectibix® | U.S. & Europe | Erbitux® | Eli Lilly/Bristol-Myers Squibb Company (BMS); Merck KGaA |
| | U.S. & Europe | Avastin® | Genentech, Inc. (a Member of the Roche Group) |
| Nplate® | U.S. & Europe | Promacta®/Revolade® | GlaxoSmithKline plc |
| Kyprolis® | U.S. | VELCADE® | Millennium Pharmaceuticals, Inc.[9] |
| | U.S. | REVLIMID® | Celgene Corporation |
| | U.S. | POMALYST® | Celgene Corporation |

(1) Granix® launched at the end of 2013 and could have an impact over time on sales of NEUPOGEN® and, to a lesser extent, Neulasta®.

(2) Lonquex® is a long-acting filgrastim product launched in Europe.

(3) Approved via the EU biosimilar regulatory pathway.

(4) Dermatology only.

(5) MIRCERA® has been approved by the FDA for the treatment of anemia associated with chronic renal failure in patients on and not on dialysis. Roche began selling MIRCERA® in October 2014 in the United States under terms of a limited patent license obtained from Amgen in connection with the settlement of patent litigation. It competes with Aranesp® in the nephrology segment only.

(6) PROCRIT® competes with Aranesp® in the supportive cancer care and pre-dialysis settings.

(7) Teva and Barr Pharmaceuticals have received tentative approval from the FDA for generic versions of Sensipar® that could compete with Sensipar® in the future. There is an injunction prohibiting them from commercializing in the United States until expiration of the patents.

(8) A subsidiary of Johnson & Johnson (J&J).

(9) A wholly-owned subsidiary of Takeda Pharmaceutical Company Limited.

*Future Biosimilar Competition*

*Neulasta®/NEUPOGEN®*

Apotex, Inc. announced that the FDA accepted for filing their applications, under the abbreviated pathway, for pegfilgrastim, a biosimilar version of Neulasta®, on December 17, 2014, and for filgrastim, a biosimilar version of NEUPOGEN®, on February 17, 2015. On January 7, 2015, Sandoz, a Novartis company, announced that the FDA Oncologic Drugs Advisory Committee (ODAC) recommended approval of its investigational biosimilar filgrastim, to be known in the United States as ZARXIO™. The Committee also recommended approval of the biosimilar for use in all indications included in the reference product's (NEUPOGEN®) label. If approved, we anticipate NEUPOGEN® may begin to face competition from the launch of ZARXIO™ in the United States. The Sandoz biosimilar filgrastim is the subject of ongoing litigation between us and Sandoz. See Part IV—Note 18, Contingencies and commitments, to the Consolidated Financial Statements.

*EPOGEN®*

On December 16, 2014, Hospira, Inc. submitted a BLA to the FDA for Retacrit™, a proposed biosimilar to EPOGEN®, under the abbreviated pathway.

**Reimbursement**

Sales of our principal products are dependent on the availability and extent of coverage and reimbursement from third-party payers. In the United States, healthcare providers are reimbursed for covered services and products they use through Medicare, Medicaid and other government healthcare programs as well as through private payers. We are required to provide specified rebates or discounts to certain of these government funded programs. For many years, federal and state governments in the United States have pursued methods to reduce the cost of these programs. For example, in 2010 the United States enacted major healthcare reform legislation (known as the "Patient Protection and Affordable Care Act" or "ACA") that had significant impacts which include: a requirement to offer discounts for Medicare Part D drugs in the coverage gap, an increase in the rebates we pay for our

products that are covered and reimbursed by state Medicaid programs, a requirement to pay rebates on Medicaid managed care utilization, the expansion of entities eligible for discounts under the 340B Drug Pricing Program, and a new fee (the U.S. healthcare reform federal excise fee on Branded Prescription Pharmaceutical Manufacturers and Importers (BPD fee)). Such changes have had, and are expected to continue to have, a material adverse impact on our business. At present, Medicare payment rates are affected by across-the-board federal budget cuts commonly referred to as "sequestration". Under sequestration, the Centers for Medicare & Medicaid Services (CMS), the federal agency responsible for administering Medicare and Medicaid, reduced Medicare payments to providers by 2% beginning in 2013. In addition, in the effort to contain the U.S. federal deficit, our industry could be considered a potential source of savings via legislative proposals that have been debated but not enacted. It remains uncertain as to what proposals, if any, may be included as part of future federal budget deficit reduction actions that would directly or indirectly affect us and our business.

Particular legislative and regulatory developments that would have a significant impact on Amgen include: changes to how the Medicare program covers and reimburses current and future drugs for patients with End-Stage Renal Disease (ESRD) (including Sensipar®), changes in the payment rate or new rebate requirements for covered drugs (which could impact many of our principal products, including Aranesp®, Neulasta®, NEUPOGEN®, Prolia® and XGEVA®) and policies for payment and coverage of biosimilars.

Efforts are also being made in the private sector to reduce healthcare costs, notably by healthcare payers and providers, which have instituted various cost reduction and containment measures. We expect insurers and providers to continue efforts to reduce the cost and/or utilization of healthcare products, including our products. These measures include consolidation of insurers in the United States and the emergence of large integrated (insurer-provider) delivery networks to consolidate purchasing and negotiating power.

Generally, in countries outside the United States, government-sponsored healthcare systems are the primary payers for drugs and biologics. With increased budgetary constraints, payers in many countries employ a variety of measures to exert downward price pressure. These measures can include mandatory price controls, price referencing, therapeutic reference pricing, increasing mandates or incentives for generic substitution and biosimilar usage, and government-mandated price cuts. In addition, healthcare reform and related legislative proposals in such countries as France, Germany and Poland, as well as austerity plans in a number of countries, including Spain, Greece, Italy, Ireland and Portugal, have targeted the pharmaceutical sector with multiple mechanisms to reduce government healthcare expenditures. We expect that countries will continue to take aggressive actions to reduce expenditures on drugs and biologics. Similarly, fiscal constraints may also impact the extent to which countries are willing to approve new innovative therapies and/or allow access to new technologies. For example, many Health Technology Assessment (HTA) organizations use formal economic metrics such as cost-effectiveness to determine coverage and reimbursement of new therapies, and these organizations are proliferating in established and emerging markets.

See Item 1A. Risk Factors—Our sales depend on coverage and reimbursement from third-party payers.

**Manufacturing, Distribution and Raw Materials**

*Manufacturing*

The products we manufacture include both biologics and small molecule drugs. The majority of our products are biologics which are produced in living cells and are inherently complex due to naturally-occurring molecular variations. Highly specialized knowledge and extensive process and product characterization are required to transform laboratory-scale processes into reproducible commercial manufacturing processes. For additional information regarding manufacturing facilities, see Item 2. Properties.

We perform most of our bulk manufacturing, formulation, fill and finish activities in our Puerto Rico facility and also conduct finish activities in the Netherlands. We also utilize third-party contract manufacturers:

- to manufacture Sensipar®/Mimpara®, except for certain fill and finish activities performed by us in Puerto Rico;
- to supplement commercial bulk manufacturing, as needed, for ENBREL, Prolia®, XGEVA® and Vectibix®;
- to supplement certain portions of fill and finish for ENBREL; and
- to supplement formulation, fill and finish of Nplate®.

In addition, we utilize single-source third-party contract manufacturers for Kyprolis®.

Clinical bulk, formulation, fill and finish manufacturing facilities are operated primarily in our Thousand Oaks, California, and West Greenwich, Rhode Island locations. We also utilize third-party contract manufacturers for certain clinical products.

See Item 1A. Risk Factors for a discussion of the factors that could adversely impact our manufacturing operations and the global supply of our products.

*Distribution*

We operate distribution centers in the United States—principally in Kentucky and California—and the Netherlands for worldwide distribution of the majority of our commercial and clinical products. We also use third-party distributors to supplement distribution of our products worldwide.

*Other*

In addition to the manufacturing and distribution activities noted above, our operations in the United States, Puerto Rico and the Netherlands include key manufacturing support functions, including quality control, process development, procurement, production scheduling and warehousing. Certain of those manufacturing and distribution activities are highly regulated by the FDA as well as other international regulatory agencies. See Government Regulation—Regulation of Manufacturing Standards.

*Manufacturing Initiatives*

We have multiple ongoing initiatives that are designed to optimize our manufacturing network and/or mitigate manufacturing risks while continuing to ensure adequate supply of our products. These initiatives include the licensure of a new formulation and fill facility at our Puerto Rico site; and as part of a risk mitigation strategy, full licensure of our formulation, fill and finish site in Ireland to manufacture our products. Both of these new facilities will require qualification and licensure by various regulatory authorities.

In 2014, we completed construction of the planned monoclonal antibody manufacturing facility in Singapore. Upon licensure, this facility will expand our capability to manufacture monoclonal antibodies utilizing new technology and innovation. The facility will be fully reconfigurable, providing efficient manufacturing capabilities to help ensure supply of our products worldwide. We also announced plans to build an additional new facility at the site in Singapore to enable the manufacture of the active pharmaceutical ingredient for Kyprolis®.

In addition to these initiatives, we have projects designed to optimize manufacturing asset utilization, to continue our use of third-party contract manufacturers and to maintain a state of regulatory compliance. This includes manufacturing network consolidation initiatives as well as process improvements surrounding manufacturing. See Item 1A. Risk Factors—Manufacturing difficulties, disruptions or delays could limit supply of our products and limit our product sales.

*Raw Materials and Medical Devices*

Certain raw materials, medical devices and components necessary for the commercial and/or clinical manufacturing of our products are provided by and are the proprietary products of unaffiliated third-party suppliers, certain of which may be our only sources for such materials. We currently attempt to manage the risk associated with such suppliers by inventory management, relationship management and evaluation of alternative sources when feasible. We also monitor the financial condition of certain suppliers and their ability to supply our needs. See Item 1A. Risk Factors—We rely on third-party suppliers for certain of our raw materials, medical devices and components.

We perform various procedures to assist in authenticating the source of raw materials, including intermediary materials used in the manufacture of our products, which include verification of the country of origin. These procedures are incorporated into the manufacturing processes we and our third-party contract manufacturers perform.

**Government Regulation**

Regulation by government authorities in the United States and other countries is a significant factor in the production and marketing of our products and our ongoing research and development (R&D) activities. In order to clinically test, manufacture and market products for therapeutic use, we must satisfy mandatory procedures and safety and effectiveness standards established by various regulatory bodies.

*Regulation in the United States*

In the United States, the Public Health Service Act, the Federal Food, Drug, and Cosmetic Act (FDCA) and the regulations promulgated thereunder, as well as other federal and state statutes and regulations govern, among other things, the production, research, development, testing, manufacture, quality control, labeling, storage, record keeping, approval, advertising and promotion, reporting of certain payments and other transfers of value, and distribution of our products. Failure to comply with applicable regulatory requirements may subject us to administrative and/or judicially imposed sanctions. The sanctions could include the FDA's refusal to approve pending applications, withdrawals of approvals, delay or suspension of clinical trials, warning

letters, product recalls, product seizures, total or partial suspension of our operations, injunctions, fines, civil penalties and/or criminal prosecution.

*Clinical Development and Product Approval.* Drug development in our industry is complex, challenging and risky; and failure rates are high. Product development cycles are very long - approximately 10 to 15 years from discovery to market. A potential new medicine must undergo many years of preclinical and clinical testing to establish its safety and efficacy for use in humans at appropriate dosing levels and with an acceptable benefit-risk profile.

After laboratory analysis and preclinical testing in animals, we file an Investigational New Drug Application (IND) with the FDA to begin human testing. Typically, we undertake an FDA-designated three-phase human clinical testing program.

- In phase 1, we conduct small clinical trials to investigate the safety and proper dose ranges of our product candidates in a small number of human subjects.
- In phase 2, we conduct clinical trials to investigate side effect profiles and the efficacy of our product candidates in a larger number of patients who have the disease or condition under study.
- In phase 3, we conduct clinical trials to investigate the safety and efficacy of our product candidates in a large number of patients who have the disease or condition under study.

The FDA monitors the progress of each trial conducted under an IND and may, at its discretion, re-evaluate, alter, suspend or terminate the testing based on the data accumulated to that point and the FDA's risk/benefit assessment with regard to the patients enrolled in the trial. The results of preclinical and clinical trials are submitted to the FDA in the form of a BLA for biologic products or a New Drug Application for small molecule products. We cannot market or promote a new product until our marketing application has been approved by the FDA.

See Item 1A. Risk Factors for a discussion of the factors that could adversely impact our development of commercial products.

*Approval of Biosimilars*. The ACA authorized the FDA to approve biosimilars via a separate, abbreviated pathway. In many cases, this allows biosimilars to be brought to market without conducting the full suite of clinical trials typically required of originators. The law establishes a period of 12 years of data exclusivity for reference products in order to preserve incentives for future innovation and outlines statutory criteria for science-based biosimilar approval standards that take into account patient safety considerations. Under this framework, data exclusivity protects the data in the innovator's regulatory application by prohibiting others, for a period of 12 years, from gaining FDA approval based in part on reliance on or reference to the innovator's data in their application to the FDA. The law does not change the duration of patents granted on biologic products. Since February 2012, the FDA has released six draft guidance documents as part of the implementation of the abbreviated approval pathway for biosimilars and these have not yet been finalized. In early February 2014, the FDA released its planned agenda for 2014, which included the possible publication of new draft guidance documents relating to biosimilar interchangeability and biosimilars labeling. Four manufacturers have announced the filing of five separate marketing applications to the FDA under the biosimilar pathway. These marketing applications include two for filgrastim, one for pegfilgrastim, and one for epoetin alfa, which if approved would compete with our NEUPOGEN®, Neulasta® and EPOGEN® products, respectively. As of the end of 2014, no biosimilar applications had been approved by the FDA. In January 2015, Sandoz, a Novartis company, announced that the FDA ODAC recommended approval of its investigational biosimilar filgrastim for use in all indications included in the reference product's (NEUPOGEN®) label.

*Regulation of Product Marketing and Promotion*. The FDA regulates the marketing and promotion of products. Our product promotion for approved product indications must comply with the statutory standards of the FDCA, and the FDA's implementing regulations and standards. The FDA's review of marketing and promotional activities encompasses, but is not limited to, direct-to-consumer advertising, healthcare provider-directed advertising and promotion, sales representative communications to healthcare professionals, promotional programming and promotional activities involving the Internet. The FDA may also review industry-sponsored scientific and educational activities that make representations regarding product safety or efficacy in a promotional context. The FDA may take enforcement action against a company for promoting unapproved uses of a product or for other violations of its advertising and labeling laws and regulations. Enforcement action may include product seizures, injunctions, civil or criminal penalties or regulatory letters, which may require corrective advertising or other corrective communications to healthcare professionals. Failure to comply with the FDA's regulations also can result in adverse publicity or increased scrutiny of company activities by the U.S. Congress or other legislators. Additionally, as described below, such failure may lead to additional liability under U.S. health care fraud and abuse laws.

*Regulation of Manufacturing Standards*. The FDA regulates and inspects equipment, facilities, laboratories and processes used in the manufacturing and testing of products prior to providing approval to market products. If after receiving approval from the FDA, we make a material change in manufacturing equipment, location or process, additional regulatory review may be required. We also must adhere to current Good Manufacturing Practice regulations and product-specific regulations enforced by

the FDA through its facilities inspection program. The FDA conducts regular, periodic visits to re-inspect our equipment, facilities, laboratories and processes following an initial approval. If the FDA determines that we no longer comply with applicable regulations and conditions of approval, they may seek civil, criminal or administrative sanctions and/or remedies against us, including suspension of our manufacturing operations. Such issues may also delay the approval of new products undergoing FDA review.

*Regulation of Combination Products*. Combination products are defined by the FDA to include products comprised of two or more regulated components (e.g., a biologic and/or drug and a device). Biologics/Drugs and devices each have their own regulatory requirements, and combination products may have additional requirements. A number of our marketed products meet this definition and are regulated under this framework, and we expect that a number of our pipeline product candidates will be evaluated for regulatory approval under this framework as well.

*Regulation Outside the United States*

In the EU countries, Switzerland, Canada, Australia, and Japan, regulatory requirements and approval processes are similar in principle to those in the United States. In the EU, depending on the type of drug for which approval is sought, there are currently two potential tracks for marketing approval, including a decentralized and centralized procedure. In the decentralized procedure, identical applications for marketing authorization are submitted simultaneously to the national regulatory agencies. The application is assessed by an initial national agency (Reference Member State) and those of chosen countries (Concerned Member States). Regulatory review is led by the Reference Member State and acknowledged by the Concerned Member States leading to a single approval in all relevant countries. In the centralized procedure, which is required of all products derived from biotechnology, a company submits a single MAA to the EMA, which conducts a thorough product evaluation, drawing from its scientific resources across Europe. If the drug product is proven to fulfill the requirements for quality, safety and efficacy, the Committee for Medicinal Products for Human Use (CHMP) adopts a positive opinion, which is transmitted to the European Commission (EC) for final approval of the marketing authorization. Subsequent commercialization is enabled by country-by-country reimbursement approval. While the EC generally follows the CHMP's opinion, it is not bound to do so. In Japan, additional local clinical trials may be required as part of the drug registration process, which can add to the drug registration timelines.

In the EU, biosimilars have been approved under a specialized pathway of the centralized procedure. The pathway allows sponsors of a biosimilar to seek and obtain regulatory approval based in part on the non-clinical and clinical trial data of an originator product to which the biosimilar has been demonstrated to be “similar.” The relevance of demonstrating similarity is that it allows biosimilars to be brought to market without conducting the full suite of clinical trials typically required of originator products, as benefit-risk has previously been established.

*Emerging Markets*

Other countries such as Russia, Turkey and those in Latin America and the Middle East have review processes and data requirements similar to those of the EU, and in some cases rely on prior marketing approval from United States or EU regulatory authorities. The regulatory process in these countries includes manufacturing/testing facility inspections, testing of drug product upon importation and other domestic requirements.

In Asia, a number of countries such as China, South Korea, and Taiwan may require local clinical trials as part of the drug registration process in addition to the global clinical trials which can add to the drug registration timelines. In most Asian markets, registration timelines are dependent on marketing approval in the United States or EU. However, in some emerging markets in Asia, such as China, the regulatory landscape is evolving and the regulatory timelines can be less predictable.

*Post-approval Phase*

After approval, we continue to monitor adverse events reported following the use of our products through post marketing routine pharmacovigilance surveillance and studies when applicable. We report such events to the appropriate regulatory agencies, as required per local regulations for individual cases and aggregate reports. We proactively monitor (according to good pharmacovigilance practices) and ensure the implementation of signal detection, assessment and communication of adverse events that may be associated with the use of our products. We may also be required by regulatory agencies to conduct further clinical trials on our marketed products as a condition of their approval or to provide additional information on safety and efficacy. Failure to implement these pharmacovigilance activities, including the conduct of post approval commitments for trials in a timely manner, may result in substantial civil or criminal penalties. Failure to comply with these requirements may also have an adverse effect on our pricing and reimbursement. Health authorities, including the FDA, have authority to mandate labeling changes to products at any point in a product’s lifecycle based on new safety information or as part of an evolving label change to a particular class of products.

Health authorities, including the FDA, also have the authority, before or after approval, to require companies to implement a risk management program for a product to ensure that the benefits of the drug outweigh the risks. Each risk management program is unique and varies depending on the specific factors required. In the United States, a risk management program is known as a

risk evaluation and mitigation strategy, or REMS; failure to comply with a REMS may result in substantial civil or criminal penalties and can result in additional limitations being placed on a product's use or withdrawal of the product from the market. We currently have REMS for our ESAs, Prolia®, Nplate® and BLINCYTO™. Similarly, in the EU, failure to meet risk management commitments may result in substantial financial penalties, reputational loss, or license withdrawal and in serious cases may result in criminal prosecution.

*Other Regulation*

We are also subject to various laws pertaining to healthcare "fraud and abuse," including anti-kickback laws and false claims laws. Anti-kickback laws make it illegal to solicit, offer, receive or pay any remuneration in exchange for or to induce the referral of business, including the purchase or prescription of a particular drug that is reimbursed by a state or federal program. False claims laws prohibit knowingly and willingly presenting, or causing to be presented for payment to third-party payers (including Medicare and Medicaid) any claims for reimbursed drugs or services that are false or fraudulent, claims for items or services not provided as claimed or claims for medically unnecessary items or services. Violations of fraud and abuse laws may be punishable by criminal and/or civil sanctions, including fines and civil monetary penalties, as well as the possibility of exclusion from federal healthcare programs (including Medicare and Medicaid). Liability under the false claims laws may also arise when a violation of certain laws or regulations related to the underlying products (for example, violations regarding improper promotional activity or unlawful payments) contributes to the submission of a false claim.

On December 19, 2012, Amgen announced that it had finalized a settlement agreement with the U.S. government and various other parties regarding allegations that Amgen's promotional, contracting, sales and marketing activities and arrangements caused the submission of various false claims under the Federal Civil False Claims Act and various State False Claims Acts. In connection with entering into the settlement agreement, Amgen also entered into a corporate integrity agreement with the Office of Inspector General (OIG) of the U.S. Department of Health and Human Services that requires Amgen to maintain its corporate compliance program and to undertake a set of defined corporate integrity obligations for a period of five years. Due to the breadth of the statutory provisions and the absence of guidance in the form of regulations or court decisions addressing some of our practices, it is possible that in the future our practices might be further challenged under anti-kickback or similar laws.

We are also subject to regulation under the Occupational Safety and Health Act, the Toxic Substances Control Act, the Resource Conservation and Recovery Act and other current and potential future federal, state or local laws, rules and/or regulations. Our R&D activities involve the controlled use of hazardous materials, chemicals, biological materials and various radioactive compounds. We believe our procedures comply with the standards prescribed by federal, state or local laws, rules and/or regulations; however, the risk of injury or accidental contamination cannot be completely eliminated. While we are not required to do so, we strive to conduct our research and manufacturing activities in a manner that meets the intents and purposes of the National Institutes of Health Guidelines for Recombinant DNA Research.

Additionally, the U.S. Foreign Corrupt Practices Act (FCPA) prohibits U.S. corporations and their representatives from offering, promising, authorizing or making payments to any foreign government official, government staff member, political party or political candidate in an attempt to obtain or retain business abroad. The scope of the FCPA includes interactions with certain healthcare professionals in many countries. Other countries have enacted similar anti-corruption laws and/or regulations.

Our business has been and will continue to be subject to various other U.S. and foreign laws, rules and/or regulations.

**Research and Development and Selected Product Candidates**

We focus our R&D on novel human therapeutics for the treatment of grievous illness in the areas of oncology, hematology, inflammation, bone health, nephrology, cardiovascular and general medicine, which includes neuroscience. We take a modality-independent approach to R&D with a focus on biologics. Our discovery research programs may therefore yield targets that lead to the development of human therapeutics delivered as large molecules, small molecules, or other combination or new modalities. For the years ended December 31, 2014, 2013 and 2012, our R&D expenses were $4.3 billion, $4.1 billion and $3.4 billion, respectively.

We have major R&D centers in several locations throughout the United States and in the United Kingdom, as well as smaller research centers and development facilities globally. See Item 2. Properties.

We conduct clinical trial activities using both our internal staff and third-party contract clinical trial service providers. To increase the number of patients available for enrollment in our clinical trials, we have opened clinical sites and will continue to open clinical sites and to enroll patients in a number of geographic locations. See Government Regulation—Clinical Development and Product Approval for a discussion of government regulation over clinical development. Also see Item 1A. Risk Factors—We must conduct clinical trials in humans before we can commercialize and sell any of our product candidates or existing products for new indications.

Some of our competitors are actively engaged in R&D in areas where we have products or where we are developing product candidates or new indications for existing products. For example, we compete with other clinical trials for eligible patients, which may limit the number of available patients who meet the criteria for certain clinical trials. The competitive marketplace for our product candidates is significantly dependent on the timing of entry into the market. Early entry may have important advantages in gaining product acceptance, thereby contributing to the product's eventual success and profitability. Accordingly, we expect that in some cases, the relative speed with which we can develop products, complete clinical testing, receive regulatory approval and supply commercial quantities of the product to the market will be important to our competitive position.

In addition to product candidates and marketed products generated from our internal R&D efforts, we acquire companies, acquire and license certain product and R&D technology rights and establish R&D arrangements with third parties to enhance our strategic position within our industry by strengthening and diversifying our R&D capabilities, product pipeline and marketed product base. In pursuing these R&D arrangements and licensing or acquisition activities, we face competition from other pharmaceutical and biotechnology companies that also seek to license or acquire technologies, product candidates or marketed products from those entities performing the R&D.

The following table is a selection of certain of our product candidates by phase of development in our therapeutic areas of focus as of February 12, 2015, unless otherwise indicated. Additional product candidate information can be found on our website at www.amgen.com. The website address is not intended to function as a hyperlink, and the information contained on our website is not intended to be a part of this filing. The information in this section does not include other, non-registrational clinical trials that we may conduct for purposes other than for submission to regulatory agencies for their approval of a new product indication. We may conduct non-registrational clinical trials for various reasons including to evaluate real-world outcomes or to collect additional safety information with the use of our products. In addition, the table does not include the biosimilar products we are developing, which are discussed later in this section.

| Molecule | Disease/Condition |
|---|---|
| **Phase 3 Programs** | |
| AMG 416 | Secondary hyperparathyroidism in patients with CKD receiving dialysis |
| Aranesp® | Myelodysplastic syndromes |
| BLINCYTO™ | ALL |
| Brodalumab | Psoriasis;<br>Psoriatic arthritis |
| Evolocumab | Dyslipidemia |
| Kyprolis®* | Multiple myeloma |
| Prolia® | Glucocorticoid-induced osteoporosis |
| Romosozumab | Postmenopausal osteoporosis<br>Male osteoporosis |
| Talimogene laherparepvec | Metastatic melanoma |
| Trebananib | First-line ovarian cancer |
| Vectibix® | Metastatic colorectal cancer (mCRC) (US only) |
| XGEVA® | Delay or prevention of bone metastases in breast cancer;<br>Cancer-related bone damage in patients with multiple myeloma |
| **Phase 2 Programs** | |
| AMG 139 | Inflammatory diseases |
| AMG 157 | Asthma |
| AMG 181 | Inflammatory bowel diseases |
| AMG 334 | Migraine |
| AMG 337 | Gastric cancer |
| BLINCYTO™ | Diffuse Large B-Cell Lymphoma (DLBCL) |
| Brodalumab | Inflammatory diseases |
| Kyprolis®* | Small-cell lung cancer |
| Omecamtiv mecarbil | Heart failure |
| Oprozomib* | Hematologic malignancies |
| XGEVA® | Metastatic non-small cell lung cancer (NSCLC) |
| **Phase 1 Programs** | |
| AMG 172 | Renal cell carcinoma |
| AMG 208 | Various cancer types |
| AMG 211 | Various cancer types |
| AMG 232 | Various cancer types |
| AMG 282 | Asthma |
| AMG 319 | Hematologic malignancies |
| AMG 357 | Autoimmune diseases |
| AMG 557 | Systemic lupus erythematosus |
| AMG 581 | Schizophrenia |
| AMG 595 | Glioblastoma |
| AMG 780 | Various cancer types |
| AMG 811 | Systemic lupus erythematosus |
| AMG 820 | Various cancer types |
| AMG 876 | Type 2 diabetes |
| AMG 900 | Various cancer types |
| Oprozomib* | Solid tumors |

* Being developed by Onyx, an Amgen subsidiary.

| | |
|---|---|
| **Phase 3** | clinical trials investigate the safety and efficacy of a product candidate in a large number of patients who have the disease or condition under study. |
| **Phase 2** | clinical trials investigate side effect profiles and efficacy of a product candidate in a large number of patients who have the disease or condition under study. |
| **Phase 1** | clinical trials investigate safety and proper dose ranges of a product candidate in a small number of human subjects. |

*Phase 3 Product Candidate Program Changes*

As of February 17, 2014, we had 16 phase 3 programs. As of February 12, 2015, we had 15 phase 3 programs, as two programs advanced into phase 3 trials, one program was approved, and two programs were terminated or concluded. These changes are set forth in the following table:

| Molecule | Disease / Condition | Program Change |
|---|---|---|
| Brodalumab | Psoriatic arthritis | Advanced to phase 3 |
| Prolia® | Male osteoporosis (EU only) | Approved by EMA |
| Rilotumumab | Gastric cancer | Terminated |
| Romosozumab | Male osteoporosis | Advanced to phase 3 |
| Sensipar®/ Mimpara® | Post renal transplant | Concluded - No longer pursuing indication |

*Phase 3 Product Candidate Patent Information*

The following table describes our outstanding composition of matter patents that have issued thus far for our product candidates in phase 3 development that have yet to be approved for any indication. Patents for products already approved for one or more indications but currently undergoing phase 3 clinical trials for additional indications are previously described. See Marketing, Distribution and Selected Marketed Products—Patents.

| Molecule | Territory | General Subject Matter | Estimated Expiration* |
|---|---|---|---|
| Brodalumab | U.S. | Polynucleotides and polypeptides | 2027 |
| | Europe | Polynucleotides and polypeptides | 2027 |
| Evolocumab | U.S. | Polypeptides | 2029 |
| Romosozumab | U.S. | Polypeptides | 2026 |
| | Europe | Polypeptides | 2026 |
| Talimogene laherparepvec | U.S. | Modified HSV-1 compounds and strains | 2021 |
| | Europe | Modified HSV-1 compounds and strains | 2021 |
| Trebananib | U.S. | Polynucleotides and polypeptides | 2025 |
| | Europe | Polynucleotides and polypeptides | 2022 |
| AMG 416 | U.S. | Compound | 2030 |

* Patent expiration estimates are based on issued patents, which may be challenged, invalidated, or circumvented by competitors. The patent expiration estimates do not include any term adjustments, extensions or supplemental protection certificates that may be obtained in the future and extend these dates. Corresponding patent applications are pending in other jurisdictions. Additional patents may be filed or issued and may provide additional exclusivity for the product candidate or its use.

*Phase 3 and 2 Program Descriptions*

The following text provides additional information about selected product candidates that have advanced into human clinical trials.

*AMG 416*

AMG 416 is a peptide agonist of the human cell surface CaSR.

In July and August 2014, we announced results from two phase 3 studies evaluating AMG 416 for the treatment of secondary hyperparathyroidism in patients with CKD, receiving hemodialysis. Both studies met their primary and all secondary endpoints.

*Aranesp®*

Aranesp® is a recombinant human protein agonist of the erythropoietin receptor.

The phase 3 study of Aranesp® for the treatment of low risk myelodysplastic syndromes is ongoing.

*BLINCYTO™*

BLINCYTO™ is an anti-CD19 x anti-CD3 (BiTE®) bispecific antibody.

In December 2014, we received FDA accelerated approval of BLINCYTO™ for the treatment of patients with Ph- relapsed or refractory B-cell precursor ALL.

A phase 3 study in adult patients with relapsed/refractory ALL is ongoing. Phase 2 studies in adult patients with relapsed/refractory Philadelphia chromosome-positive (Ph+) and minimal residual disease of ALL are ongoing. A phase 2 study in adult patients with DLBCL is ongoing.

*Brodalumab*

Brodalumab is a human monoclonal antibody that inhibits the interleukin-17 receptor. It is being investigated as a treatment for a variety of inflammatory diseases. Brodalumab is being jointly developed in collaboration with AstraZeneca.

In 2014, we and AstraZeneca announced results from three phase 3 studies evaluating brodalumab in patients with moderate-to-severe plaque psoriasis met their primary endpoints.

Two phase 3 studies evaluating brodalumab for the treatment of psoriatic arthritis initiated enrollment in 2014. A phase 2 study evaluating brodalumab for the treatment of asthma is ongoing.

*Denosumab*

Denosumab is a human monoclonal antibody that inhibits RANKL.

*Prolia®*

In June 2014, we received EMA approval for Prolia® for the treatment of osteoporosis in men at increased risk of fracture.

A phase 3 study of Prolia® for the treatment of glucocorticoid-induced osteoporosis is ongoing.

*XGEVA®*

In December 2014, we received FDA approval for XGEVA® for the treatment of hypercalcemia of malignancy refractory to bisphosphonate therapy.

Phase 3 studies for the delay or prevention of bone metastases in patients with adjuvant breast cancer and prevention of SREs in patients with multiple myeloma are ongoing. A phase 2 study in NSCLC is ongoing.

*Evolocumab*

Evolocumab is a human monoclonal antibody that inhibits Proprotein Convertase Subtilisin/Kexin Type 9 (PCSK9). It is being investigated as a treatment for dyslipidemia.

In August 2014, we submitted a BLA to the FDA for evolocumab seeking approval for the treatment in high cholesterol and was accepted for review by the FDA in November 2014. In September 2014, our MAA submitted to the EMA was accepted for review.

In March and August 2014, we also announced results from two phase 3 lipid lowering clinical studies evaluating evolocumab in combination with statin therapy in Japanese patients and in homozygous familial hypercholesterolemia patients. Both studies met their co-primary endpoints.

Additional phase 3 studies to evaluate evolocumab for cardiovascular outcomes, on cognitive function, in statin-intolerant subjects, in subjects with genetic low-density lipoprotein disorders, and with intravascular ultrasound are ongoing.

*Romosozumab*

Romosozumab is a humanized monoclonal antibody that inhibits the action of sclerostin. It is being investigated as a treatment for bone loss. Romosozumab is being developed in collaboration with UCB.

Phase 3 studies for the treatment of postmenopausal women with osteoporosis are ongoing. A phase 3 study in male osteoporosis was initiated in 2014.

*Talimogene laherparepvec*

Talimogene laherparepvec is an oncolytic immunotherapy derived from HSV-1. It is being investigated as a cancer treatment.

A BLA has been accepted for review by the FDA as has an MAA by the EMA for talimogene laherparepvec for the treatment of patients with regionally or distantly metastatic melanoma.

In December 2014, we initiated a clinical trial to evaluate talimogene laherparepvec in combination with Merck's anti-PD-1 therapy, KEYTRUDA® (pembrolizumab), in patients with mid- to late-stage metastatic melanoma.

*Trebananib*

Trebananib is a peptibody that inhibits Ang1 and Ang2. It is being investigated as a cancer treatment.

In November 2014, we announced secondary endpoint results of overall survival from the phase 3 TRINOVA-1 trial in women with recurrent platinum-resistant ovarian cancer. While the primary endpoint of PFS was met, the secondary endpoint of overall survival was not met. Also in November 2014, we announced results of a second phase 3 study in recurrent ovarian cancer (with or without pegylated liposomal doxorubicin). The primary endpoint of PFS was not met. We have terminated the clinical development program in recurrent ovarian cancer.

A phase 3 study evaluating trebananib in the first-line setting of ovarian cancer is ongoing.

*Vectibix®*

Vectibix® is a human monoclonal antibody antagonist of the EGFr. It is being investigated as a cancer treatment.

In May 2014, we received FDA approval for Vectibix® for use in combination with FOLFOX, an oxaliplatin-based chemotherapy regimen, as first-line treatment in patients with wild-type KRAS (exon 2) mCRC. In addition, this approval converts the accelerated monotherapy approval to a full approval for Vectibix®. The FDA also approved the therascreen® KRAS RGQ PCR Kit developed by QIAGEN (therascreen® KRAS test) as a companion diagnostic for Vectibix®.

A phase 3 study evaluating the survival benefit of Vectibix® plus best supportive care (BSC) compared with BSC alone in subjects with chemorefractory, wild-type KRAS exon 2 mCRC is ongoing.

*AMG 139*

AMG 139 is a human monoclonal antibody that inhibits the action of IL-23. It is being investigated as a treatment for Crohn’s disease, with a phase 2 study ongoing. AMG 139 is being jointly developed in collaboration with AstraZeneca.

*AMG 157*

AMG 157 is a human monoclonal antibody that inhibits the action of TSLP. It is being investigated as a treatment for asthma, with a phase 2 study ongoing. AMG 157 is being jointly developed in collaboration with AstraZeneca.

*AMG 181*

AMG 181 is a human monoclonal antibody that inhibits the action of alpha4/beta7. It is being investigated as a treatment for ulcerative colitis and Crohn's disease, with phase 2 studies ongoing. AMG 181 is being jointly developed in collaboration with AstraZeneca.

*AMG 334*

AMG 334 is a human monoclonal antibody that inhibits the receptor for Calcitonin Gene-Related Peptide. It is being investigated for the prevention of migraine. The phase 2 study in episodic migraine has completed while the phase 2 study in chronic migraine is ongoing.

*AMG 337*

AMG 337 is a small molecule inhibitor of MET. It is being investigated as a cancer treatment with a phase 2 study for the treatment of gastric cancer ongoing.

*Omecamtiv mecarbil*

Omecamtiv mecarbil is a small molecule activator of cardiac myosin. It is being investigated for the treatment of heart failure. We are developing this product in collaboration with Cytokinetics, Inc.

A phase 2 dose escalation study to select and evaluate an oral modified release formulation of omecamtiv mecarbil in subjects with heart failure and left ventricular systolic dysfunction is ongoing.

*Onyx Pharmaceuticals*

*Kyprolis®*

Kyprolis® is a novel proteasome inhibitor. It is being investigated as a treatment for patients with multiple myeloma and small-cell lung cancer.

In August 2014, we and Onyx announced that a planned interim analysis demonstrated that a phase 3 clinical trial in relapsed multiple myeloma (ASPIRE) met its primary endpoint of PFS. While the data for overall survival, a secondary endpoint, are not yet mature, the analysis showed a trend in favor of Kyprolis® in combination with REVLIMID® and low-dose dexamethasone that did not reach statistical significance.

In August 2014, we and Onyx announced that the phase 3 clinical trial in relapsed/refractory multiple myeloma (FOCUS) did not meet its primary endpoint of improving overall survival.

In January 2015, we and Onyx announced the submission of a sNDA to the FDA and an MAA to the EMA for Kyprolis® to seek approval for the treatment of patients with relapsed multiple myeloma who have received at least one prior therapy. In the United States, the sNDA is designed to support the conversion of accelerated approval to full approval and expand the current approved indication. In the EU, Kyprolis® received orphan drug designation and the MAA has been granted accelerated assessment.

Phase 3 studies in combination with dexamethasone compared to bortezomib in combination with dexamethasone in relapsed multiple myeloma, and in combination with melphalan and prednisone compared to bortezomib, melphalan and prednisone in newly diagnosed multiple myeloma are ongoing.

*Oprozomib*

Oprozomib is an oral proteasome inhibitor. It is being investigated for the treatment of hematologic malignancies, with phase 1b/2 studies ongoing.

*Amgen Development of Biosimilars*

We continue to collaborate with Actavis Inc. to develop and commercialize, on a worldwide basis, four oncology antibody biosimilar medicines. The products our collaboration is pursuing include biosimilar versions of bevacizumab (Avastin®), trastuzumab (Herceptin®), rituximab (Rituxan® / Mabthera®) and cetuximab (Erbitux®).

We are also working to develop biosimilar versions of adalimumab (HUMIRA®) and infliximab (REMICADE®), in addition to three other biosimilar molecules. Our biosimilar product candidates are in varying stages of regulatory development as described in the following table:

| Biosimilar | Status |
|---|---|
| adalimumab (HUMIRA®) | Phase 3 psoriasis study met primary endpoint<br>Phase 3 RA study met primary and key secondary endpoints |
| trastuzumab (Herceptin®) | Phase 3 breast cancer |
| bevacizumab (Avastin®) | Phase 3 NSCLC |
| infliximab (REMICADE®) | Phase 1 |

**Business Relationships**

From time to time, we enter into business relationships, including joint ventures and collaborative arrangements, for the R&D, manufacture and/or commercialization of products and/or product candidates. In addition, we also acquire product and R&D technology rights and establish R&D collaborations with third parties to enhance our strategic position within our industry by strengthening and diversifying our R&D capabilities, product pipeline and marketed product base. These arrangements generally provide for non-refundable, upfront license fees; development and commercial performance milestone payments; cost sharing; royalty payments and/or profit sharing. The activities under these collaboration agreements are performed with no guarantee of either technological or commercial success, and each is unique in nature.

Trade secret protection for our unpatented confidential and proprietary information is important to us. To protect our trade secrets, we generally require counterparties to execute confidentiality agreements upon the commencement of the business relationship with us. However, others could either develop independently the same or similar information or unlawfully obtain access to our information.

*Kirin-Amgen, Inc.*

Kirin-Amgen, Inc. (K-A) is a 50-50 joint venture with Kirin Holdings Company, Limited (Kirin). K-A develops and then out-licenses to third parties certain product rights which have been transferred to this joint venture from Amgen and Kirin.

K-A has given us exclusive licenses to manufacture and market: (i) G-CSF and pegfilgrastim in the United States, Europe, Canada, Australia, New Zealand, all Central American, South American and African countries and certain countries in Asia and the Middle East; (ii) darbepoetin alfa, romiplostim and brodalumab in the United States, Europe, Canada, Australia, New Zealand, Mexico, all Central and South American countries and certain countries in Central Asia, Africa and the Middle East; and (iii) recombinant human erythropoietin in the United States. We currently market pegfilgrastim, G-CSF, darbepoetin alfa, recombinant human erythropoietin and romiplostim under the brand names Neulasta®, NEUPOGEN®/GRANULOKINE®, Aranesp®, EPOGEN® and Nplate®, respectively. Under these agreements, we pay K-A royalties based on product sales. In addition, we also receive payments from K-A for milestones earned and for conducting certain R&D activities on its behalf. See Part IV—Note 8, Related party transactions, to the Consolidated Financial Statements.

K-A has also given Kirin exclusive licenses to manufacture and market: (i) G-CSF and pegfilgrastim in Japan, Taiwan and South Korea; (ii) darbepoetin alfa, romiplostim and brodalumab in Japan, China, Taiwan, South Korea and in certain other countries and/or regions in Asia; and (iii) recombinant human erythropoietin in Japan. K-A also gave Kirin and Amgen co-exclusive licenses to manufacture and market G-CSF, pegfilgrastim and recombinant human erythropoietin in China, which Amgen subsequently assigned to Kirin, and as a result, Kirin now exclusively manufactures and markets G-CSF and recombinant human erythropoietin in China. Kirin markets G-CSF, pegfilgrastim, darbepoetin alfa, romiplostim and recombinant human erythropoietin under the brand names GRAN®/Grasin®, Peglasta®/Neulasta®/G-Lasta®, NESP®/Aranesp®, ROMIPLATE® and ESPO®, respectively. Under these agreements, Kirin pays K-A royalties based on product sales. In addition, Kirin also receives payments from K-A for conducting certain R&D activities on its behalf.

K-A has also given J&J exclusive licenses to manufacture and market recombinant human erythropoietin for all geographic areas of the world outside the United States, China and Japan. Under this agreement, J&J pays royalties to K-A based on product sales. K-A gave Roche exclusive licenses to market filgrastim and pegfilgrastim in all territories not then licensed to Amgen and Kirin. Effective January 1, 2014, we acquired Roche's licenses to market filgrastim and pegfilgrastim. See Part IV—Note 3, Business combinations, to the Consolidated Financial Statements.

*Pfizer Inc.*

The co-promotion term of our ENBREL collaboration agreement with Pfizer in the United States and Canada expired on October 31, 2013 giving us full ownership of ENBREL promotional rights in the United States and Canada while the rights to market ENBREL outside the United States and Canada are reserved to Pfizer. Under the collaboration agreement, Amgen and Pfizer shared in the agreed-upon selling and marketing expenses approved by a joint committee. We paid Pfizer a percentage of annual gross profits on our ENBREL sales in the United States and Canada on a scale that increased with gross profits; however, we maintained a majority share of ENBREL profits. We are required to pay Pfizer residual royalties based on a declining percentage of annual net ENBREL sales in the United States and Canada for three years, ranging from 12% to 10%. The amounts of such payments are significantly less than what was owed based on the terms of the previous ENBREL profit share. Effective November 1, 2016, there will be no further royalty payments.

*Bayer HealthCare Pharmaceuticals Inc.*

As a result of our acquisition of Onyx, we are party to a collaboration with Bayer HealthCare Pharmaceuticals Inc. (Bayer) to jointly develop and commercialize Nexavar® (sorafenib) worldwide, except in Japan. The rights to develop and market Nexavar® in Japan are reserved to Bayer. Bayer has no obligation to pay royalties to Amgen for sales of Nexavar® in Japan. Under the agreements, we fund 50% of mutually agreed R&D costs. In the United States we co-promote Nexavar® with Bayer and share equally in the profits or losses of Nexavar®. Outside of the United States, excluding Japan, Bayer manages all commercialization activities and incurs all of the sales and marketing expenditures, and we reimburse Bayer for half of those expenditures. In all countries outside of the United States, except Japan, we receive 50% of net profits on sales of Nexavar® after deducting certain Bayer-related costs.

*AstraZeneca Plc.*

We are in a collaboration with AstraZeneca to jointly develop and commercialize certain monoclonal antibodies from Amgen's clinical inflammation portfolio, including brodalumab, AMG 139, AMG 157, AMG 181, AMG 557 and AMG 570. The agreement covers the worldwide development and commercialization of these antibodies, except for certain Asian countries for brodalumab and Japan for AMG 557 and AMG 570, which are licensed to other third parties.

Under the terms of the agreement, approximately 65% of related development costs for the 2012-2014 periods were funded by AstraZeneca; now, the companies share costs equally. If approved for sale, Amgen would receive a low-single-digit royalty rate for brodalumab and a mid-single-digit royalty rate for the rest of the portfolio, after which the worldwide commercialization profits and losses related to the collaboration products would be shared equally.

*UCB*

We are in a collaboration with UCB for the development and commercialization of romosozumab. Under the agreement, we received the rights to commercialize romosozumab for all indications in the United States, Canada, Mexico and Japan. UCB has the rights for all EU members at the time of first regulatory approval, Australia and New Zealand. Prior to commercialization, countries that have not been initially designated will be designated to Amgen or UCB in accordance with the terms of the agreement.

Generally, development costs are shared equally and we will share equally in the worldwide commercialization profits and losses related to the collaboration after accounting for expenses.

*DaVita Inc.*

We are in a seven-year supply agreement with DaVita that commenced January 1, 2012. Pursuant to this agreement, we will supply EPOGEN® in amounts necessary to meet no less than 90% of DaVita's and its affiliates' requirements for ESAs used in providing dialysis services in the United States and Puerto Rico. The agreement may be terminated by either party before expiration of its term in the event of certain breaches of the agreement by the other party.

**Human Resources**

As of December 31, 2014, Amgen had approximately 17,900 staff members. This number includes staff members expected to leave during 2015 in connection with the restructuring plan announced during the second half of 2014, including the closure of facilities. We consider our staff relations to be good.

**Executive Officers of the Registrant**

The executive officers of the Company as of February 12, 2015 are set forth below.

Mr. Robert A. Bradway, age 52, has served as a director of the Company since October 2011 and Chairman of the Board of Directors since January 1, 2013. Mr. Bradway has been the Company’s President since May 2010 and Chief Executive Officer since May 2012. From May 2010 to May 2012, Mr. Bradway served as the Company’s President and Chief Operating Officer. Mr. Bradway joined the Company in 2006 as Vice President, Operations Strategy and served as Executive Vice President and Chief Financial Officer from April 2007 to May 2010. Prior to joining the Company, he was a Managing Director at Morgan Stanley in London where he had responsibility for the firm’s banking department and corporate finance activities in Europe and focused on healthcare. Mr. Bradway has been a director of Norfolk Southern Corporation, a transportation company, since July 2011.

Mr. Madhavan ("Madhu") Balachandran, age 64, became Executive Vice President, Operations in August 2012. Mr. Balachandran joined the Company in 1997 and has held leadership positions in engineering, information systems and operations. From October 2007 to August 2012, Mr. Balachandran was Senior Vice President, Manufacturing. From February 2007 to October 2007, Mr. Balachandran was Vice President, Site Operations. From May 2002 to February 2007, Mr. Balachandran was Vice President, Puerto Rico Operations. Prior to 2002, Mr. Balachandran served as Associate Director Capital Projects before his promotion to Director Engineering and then to Vice President, Information Management. Previously, Mr. Balachandran served as Vice President, Engineering at Burroughs Wellcome & Company.

Dr. Sean E. Harper, age 52, became Executive Vice President, Research and Development in February 2012. Dr. Harper joined the Company in 2002, and has held leadership roles in early development, medical sciences and global regulatory and safety. Dr. Harper served as Senior Vice President, Global Development and Corporate Chief Medical Officer from March 2007 to February 2012. Prior to joining the Company, Dr. Harper worked for five years at Merck Research Laboratories.

Mr. Anthony C. Hooper, age 60, became Executive Vice President, Global Commercial Operations in October 2011. From March 2010 to October 2011, Mr. Hooper was Senior Vice President, Commercial Operations and President, U.S., Japan and Intercontinental of BMS. From January 2009 to March 2010, Mr. Hooper was President, Americas of BMS. From January 2004 to January 2009, Mr. Hooper was President, U.S. Pharmaceuticals, Worldwide Pharmaceuticals Group, a division of BMS. Prior to this, Mr. Hooper held various senior leadership positions at BMS. Prior to joining BMS, Mr. Hooper was Assistant Vice President of Global Marketing for Wyeth Laboratories.

Mr. Brian McNamee, age 58, became Executive Vice President, Full Potential Initiatives in October 2013. Mr. McNamee joined the Company in June 2001 as Senior Vice President, Human Resources. From November 1999 to June 2001, Mr. McNamee served as Vice President of Human Resources at Dell Computer Corp. From 1998 to 1999, Mr. McNamee served as Senior Vice President, Human Resources for the National Broadcasting Corporation, a division of the General Electric Company. From July 1988 to November 1999, Mr. McNamee held human resources positions at General Electric.

Mr. David W. Meline, age 57, became Executive Vice President and Chief Financial Officer in July 2014. From April 2011 to July 2014, Mr. Meline served as Senior Vice President and Chief Financial Officer at 3M Company. From September 2008 to March 2011, Mr. Meline served as Vice President, Corporate Controller and Chief Accounting Officer of 3M. Prior to 2008, Mr. Meline served in a variety of senior leadership roles for General Motors Company for over 20 years, with his last position being Vice President and Chief Financial Officer, North America. Mr. Meline has been a director of TRW Automotive Holdings, Corp., a supplier of automotive systems, modules and components, since February 2014.

Ms. Cynthia M. Patton, age 53, became Senior Vice President and Chief Compliance Officer in October 2012. Ms. Patton joined the Company in 2005. From July 2005 to September 2010, Ms. Patton was Associate General Counsel. From September 2010 to October 2012, Ms. Patton was Vice President, Law. Previously, Ms. Patton served as Senior Vice President, General Counsel and Secretary of SCAN Health Plan from 1999 to 2005.

Mr. David A. Piacquad, age 58, became Senior Vice President, Business Development in March 2014. Mr. Piacquad joined the Company in June 2010. From June 2010 to January 2014, Mr. Piacquad served as Vice President, Strategy and Corporate Development. From January 2014 to March 2014, Mr. Piacquad served as Vice President, Business Development. Prior to joining the Company, from December 2009 to June 2010, Mr. Piacquad was Principal of David A. Piacquad Consulting LLC. From March 2006 to December 2009, Mr. Piacquad served as Senior Vice President, Business Development and Licensing for Schering-Plough Corporation. Prior to Schering-Plough, Mr. Piacquad served in a series of leadership roles in finance and business development at J&J, with his last position being Vice President, Ventures and Business Development.

Mr. David J. Scott, age 62, became Senior Vice President, General Counsel and Secretary in March 2004. From May 1999 to February 2004, Mr. Scott served as Senior Vice President and General Counsel of Medtronic, Inc. and also as Secretary from January 2000. From December 1997 to April 1999, Mr. Scott served as General Counsel of London-based United Distillers & Vintners. Mr. Scott also served in executive roles at Grand Metropolitan plc and RJR Nabisco, Inc., and was an attorney in private practice. Mr. Scott has notified the Company that he intends to retire at the end of May 2015.

Dr. Stuart A. Tross, age 48, became Senior Vice President, Human Resources in October 2013. Dr. Tross joined the Company in April 2006 as Vice President, Human Resources. Prior to joining Amgen, from November 1998 to April 2006, Dr. Tross served in a series of roles for BMS, with his last position being Vice President and Global Head of Human Resources of Mead Johnson Nutrition. Prior to joining BMS, Dr. Tross was a management consultant for Towers Perrin.

**Geographic Area Financial Information**

For financial information concerning the geographic areas in which we operate, see Part IV—Note 19, Segment information—Geographic information, to the Consolidated Financial Statements.

**Investor Information**

Financial and other information about us is available on our website at www.amgen.com. We make available on our website, free of charge, copies of our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after we electronically file such material with, or furnish it to, the U.S. Securities and Exchange Commission (SEC). In addition, we have previously filed registration statements and other documents with the SEC. Any document we file may be inspected, without charge, at the SEC's public reference room at 100 F Street NE, Washington, DC 20549, or at the SEC's internet address at www.sec.gov. These website addresses are not intended to function as hyperlinks, and the information contained in our website and in the SEC's website is not intended to be a part of this filing. Information related to the operation of the SEC's public reference room may be obtained by calling the SEC at 800-SEC-0330.

## Item 1A. RISK FACTORS

This report and other documents we file with the SEC contain forward-looking statements that are based on current expectations, estimates, forecasts and projections about us, our future performance, our business, our beliefs and our management's assumptions. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict. You should carefully consider the risks and uncertainties facing our business. The risks described below are not the only ones facing us. Our business is also subject to the risks that affect many other companies, such as employment relations, general economic conditions, geopolitical events and international operations. Further, additional risks not currently known to us or that we currently believe are immaterial may in the future materially and adversely affect our business, operations, liquidity and stock price.

*Our current products and products in development cannot be sold without regulatory approval.*

Our business is subject to extensive regulation by numerous state and federal governmental authorities in the United States, including the FDA, and by foreign regulatory authorities, including the EMA. We are required in the United States and in foreign countries to obtain approval from regulatory authorities before we can manufacture, market and sell our products. Once approved, the FDA and other U.S. and foreign regulatory agencies have substantial authority to require additional testing, perform inspections, change product labeling or mandate withdrawals of our products. Failure to comply with applicable regulatory requirements may subject us to administrative and/or judicially imposed sanctions. The sanctions could include the FDA's or foreign regulatory authorities' refusal to approve pending applications, delays in obtaining or withdrawals of approvals, delay or suspension of clinical trials, warning letters, product recalls, product seizures, total or partial suspension of our operations, injunctions, fines, civil penalties and/or criminal prosecution.

Obtaining and maintaining regulatory approval has been and will continue to be increasingly difficult, time-consuming and costly. There may be situations in which demonstrating the efficacy and safety of a product candidate may not be sufficient to gain regulatory approval unless superiority to comparative products can be shown. Also, legislative bodies or regulatory agencies could enact new laws or regulations or change existing laws or regulations at any time, which could affect our ability to obtain or maintain approval of our products or product candidates. For example, the EU recently finalized legislation, which will apply as early as mid-2016, related to the conduct of clinical trials. While the aim of the new legislation is improvement in operational efficiency and a streamlining of the overall clinical trial authorization process, the new requirements also provide for increased transparency of clinical trial results and submission of quality data relating to the products and product candidates used for such trials. Starting in 2015, the EMA will make certain clinical trial reports publicly available, which may limit our ability to protect competitively-sensitive information contained in our clinical trial reports. Failure to comply with new laws or regulations could result in significant monetary penalties as well as reputational and other harms. We are unable to predict when and whether any further changes to laws or regulatory policies affecting our business could occur, such as efforts to reform medical device regulation or the pedigree requirements for medical products or to implement new requirements for combination products, and whether such changes could have a material adverse effect on our business and results of operations.

Regulatory authorities may also question the sufficiency for approval of the endpoints we select for our clinical trials. For example, questions remain about regulatory authorities' views regarding the adequacy for approval of therapeutic oncology products that have demonstrated a statistically significant improvement in endpoints such as PFS or Durable Response Rate (DRR) but have not shown a statistically significant improvement in overall survival. A number of our products and product candidates have been evaluated in clinical trials using endpoints other than overall survival, such as PFS, DRR, and bone-metastasis-free survival (BMFS). The use of endpoints such as PFS, DRR, or BMFS, in the absence of other measures of clinical benefit, may not be sufficient for approval even when such results are statistically significant. Regulatory authorities could also add new requirements, such as the completion of an outcomes study or a meaningful portion of an outcomes study, as conditions for obtaining approval or obtaining an indication. The imposition of additional requirements may delay our clinical development and regulatory filing

efforts, and delay or prevent us from obtaining regulatory approval for new product candidates, new indications for existing products or maintenance of our current labels.

Some of our products are approved by U.S. and foreign regulatory authorities on a conditional basis with full approval conditioned upon fulfilling the requirements of regulators. For example, in July 2012 our subsidiary Onyx Pharmaceuticals received accelerated approval for Kyprolis® in the United States, with full approval conditioned on us conducting additional clinical trials of the use of Kyprolis® as a therapy in treating multiple myeloma. Regulatory authorities are placing greater focus on monitoring products originally approved on an accelerated or conditional basis and on whether the sponsors of such products have met the conditions of the accelerated or conditional approvals. If we are unable to fulfill the requirements of regulators that were conditions of our products' accelerated or conditional approval and/or if regulators re-evaluate the data or risk-benefit profile of our product in connection with a renewal assessment, our conditional approval may be revoked or not renewed or we may not receive full approval for these products or may be required to change the products' labeled indications or even withdraw the products from the market.

Safety problems or signals can arise as our products and product candidates are evaluated in clinical trials, including investigator sponsored studies, or as our marketed products are used in clinical practice. We are required to continuously collect and assess adverse events reported to us and to communicate to regulatory agencies these adverse events and safety signals regarding our products. Regulatory agencies periodically perform inspections of our pharmacovigilance processes, including our adverse event reporting. In 2012, pharmacovigilance legislation became effective in the EU that enhanced the authority of European regulators to require companies to conduct additional post-approval clinical efficacy and safety studies and increased the requirement on sponsor companies to analyze and evaluate the risk-benefit profiles of their products. If regulatory agencies determine that we or other parties (including our clinical trial investigators or licensees of our products) have not complied with the applicable reporting or other pharmacovigilance requirements, we may become subject to additional inspections, warning letters or other enforcement actions, including monetary fines, marketing authorization withdrawal and other penalties. Our product candidates and marketed products can also be affected by safety problems or signals occurring with respect to products that are similar to ours and that implicate an entire class of products. Further, as a result of clinical trials, including sub-analyses or meta-analyses of earlier clinical trials (a meta-analysis involves the use of various statistical methods to combine results from previous separate but related studies) performed by us or others, concerns may arise about the sufficiency of the data or studies underlying a product's approved label. Such actual or perceived safety problems or concerns can lead to:

- revised or restrictive labeling for our products;
- requirement of risk management activities or other regulatory agency compliance actions related to the promotion and sale of our products;
- mandated post-marketing commitments or pharmacovigilance programs for our approved products;
- product recalls of our approved products;
- revocation of approval for our products from the market completely, or within particular therapeutic areas or patient types;
- increased timelines or delays in being approved by the FDA or other regulatory bodies; and/or
- fewer treatments or product candidates being approved by regulatory bodies.

For example, beginning in 2006, adverse safety results involving ESAs were observed and since that time our ESAs have been the subject of ongoing review and scrutiny. Reviews by regulatory authorities of the risk-benefit profile of ESAs has resulted in changes to ESA labeling and usage in both the oncology and nephrology clinical settings.

In addition to our innovative products, we are working to develop and commercialize biosimilar versions of nine products currently manufactured, marketed and sold by other pharmaceutical companies. (See Item 1. Business—Research and Development and Selected Product Candidates—Amgen Development of Biosimilars.) In many markets there is not yet a legislative or regulatory pathway for the approval of biosimilars. In the United States, the ACA provided for such a pathway; while the FDA is working to implement it, significant questions remain as to how products will be approved under the pathway. (See We expect to face increasing competition from biosimilars.) Delays or uncertainties in the development of such pathways could result in delays or difficulties in getting our products approved by regulatory authorities, subject us to unanticipated development costs or otherwise reduce the value of the investments we have made in the biosimilars area. Additionally, biosimilar products may be subject to patent dispute resolution and/or patent infringement litigation, which could delay or prevent the commercial launch of a product.

*Some of our products are used with drug delivery or companion diagnostic devices which have their own regulatory, manufacturing and other risks.*

Some of our products or product candidates may be used in combination with a drug delivery device, such as an injector or other delivery system. Our product candidates or expanded indications of our products used with such drug delivery devices may not be approved or may be substantially delayed in receiving regulatory approval if such devices do not gain or maintain regulatory approval or clearance. Where approval of the product and device is sought under a single marketing drug application, the increased complexity of the review process may also delay receipt of regulatory approval. In addition, some of these drug delivery devices may be provided by single-source unaffiliated third-party companies. We are dependent on the sustained cooperation and effort of those third-party companies both to supply the devices and, in some cases, to conduct the studies required for approval or clearance by the applicable regulatory agencies. We are also dependent on those third-party companies continuing to meet the applicable regulatory and other requirements to maintain that approval or clearance once it has been received. Failure to successfully develop or supply the devices, delays in or failure of the Amgen or third-party studies, or failure of Amgen or the third-party company to obtain or maintain regulatory approval or clearance of the devices could result in increased development costs, delays in or failure to obtain regulatory approval and/or associated delays in a product candidate reaching the market or the expansion of existing product labels for new indications. Loss of regulatory approval or clearance of a device that is used with our product may also result in the removal of our product from the market. Further, failure to successfully develop, supply, or gain or maintain approval for these devices could adversely affect sales of the related, approved products.

Similarly, some of our products or product candidates may be used in combination with an in vitro companion diagnostic device, such as a test kit. In some cases, our product candidates or expanded indications of our products used with in vitro companion diagnostic devices may not be approved or may be substantially delayed in receiving regulatory approval if such devices do not gain or maintain regulatory approval or clearance. As with drug delivery devices used with our products, our ability to get and maintain the necessary regulatory approvals for our products or product candidates used with in vitro companion diagnostic devices can be substantially dependent on whether the manufacturers of such devices meet their contractual responsibilities to us and/or their obligations to regulatory authorities. Failures by these manufacturers can also result in the significant delays and added costs described above, or even result in the removal of our product from the market.

*We may not be able to develop commercial products.*

Amgen invests heavily in R&D. Successful product development in the biotechnology industry is highly uncertain, and very few R&D projects produce a commercial product. Product candidates (including biosimilar product candidates) or new indications for existing products (collectively, "product candidates") that appear promising in the early phases of development may fail to reach the market for a number of reasons, such as:

- the product candidate did not demonstrate acceptable clinical trial results even though it demonstrated positive preclinical trial results, for reasons that could include changes in the standard of care of medicine;
- the product candidate was not effective or more effective than currently available therapies in treating a specified condition or illness;
- the product candidate is not cost effective in light of existing therapeutics;
- the product candidate had harmful side effects in humans or animals;
- the necessary regulatory bodies, such as the FDA or EMA, did not approve our product candidate for an intended use;
- the product candidate was not economical for us to manufacture and commercialize;
- the biosimilar product candidate fails to demonstrate the requisite biosimilarity to the applicable reference product, or is otherwise determined to be unacceptable for purposes of safety or efficacy, to gain approval;
- other parties have or may have proprietary rights relating to our product candidate, such as patent rights, and will not let us sell it on reasonable terms, or at all;
- we and certain of our licensees, partners or independent investigators may fail to effectively conduct clinical development or clinical manufacturing activities; and
- the regulatory pathway to approval for product candidates is uncertain or not well-defined.

Several of our product candidates have failed or been discontinued at various stages in the product development process. Inability to bring a product to market or a significant delay in the expected approval and related launch date of a new product for any of the reasons discussed could potentially have a negative impact on our net sales and earnings and could result in a significant impairment of in-process research and development (IPR&D) or other intangible assets.

*We must conduct clinical trials in humans before we can commercialize and sell any of our product candidates or existing products for new indications.*

Before we can sell any products, we must conduct clinical trials to demonstrate that our product candidates are safe and effective for use in humans. The results of those clinical trials are used as the basis to obtain approval from regulatory authorities such as the FDA and EMA. (See Our current products and products in development cannot be sold without regulatory approval.) We are required to conduct clinical trials using an appropriate number of trial sites and patients to support the product label claims. The length of time, number of trial sites and patients required for clinical trials vary substantially and therefore, we may spend several years and incur substantial expense in completing certain clinical trials. We may have difficulty finding a sufficient number of clinical trial sites and subjects to participate in our clinical trials, particularly if competitors are conducting clinical trials in similar patient populations. Delays in planned clinical trials can result in increased development costs, delays in regulatory approvals, associated delays in product candidates reaching the market and revisions to existing product labels.

In addition, in order to increase the number of patients available for enrollment for our clinical trials, we have and will continue to open clinical sites and enroll patients in a number of new geographic locations where our experience conducting clinical trials is more limited, including Russia, India, China, South Korea, the Philippines, Singapore and some Central and South American countries, either through utilization of third-party contract clinical trial providers entirely or in combination with local staff. Conducting clinical trials in locations where we have limited experience requires substantial time and resources to identify and understand the unique regulatory environments of individual countries. Further, we must ensure the timely production, distribution and delivery of the clinical supply of our product candidates to the numerous and varied clinical trial sites. If we fail to adequately manage the design, execution and diverse regulatory aspects of our large and complex clinical trials or manage the production or distribution of our clinical supply, corresponding regulatory approvals may be delayed or we may fail to gain approval for our product candidates or could lose our ability to market existing products in certain therapeutic areas or altogether. If we are unable to market and sell our product candidates or to obtain approvals in the timeframe needed to execute our product strategies, our business and results of operations could be materially and adversely affected.

We rely on independent third-party clinical investigators to recruit subjects and conduct clinical trials on our behalf in accordance with the applicable study protocols and laws and regulations. Further, we rely on unaffiliated third-party vendors to perform certain aspects of our clinical trial operations. We also may acquire companies that have ongoing clinical trials. These trials may not be conducted to the same standards as ours; however, once an acquisition has been completed we assume responsibility for the conduct of the trial, including any potential risks and liabilities associated with the past and prospective conduct of those trials. If regulatory authorities determine that we or others, including our licensees or the independent investigators selected by us or by a company we have acquired, have not complied with regulations applicable to the clinical trials, those authorities may refuse or reject some or all of the clinical trial data or take other actions which could impair our ability to obtain or maintain marketing approval of the product or indication. If we were unable to market and sell our products or product candidates, our business and results of operations could be materially and adversely affected.

In addition, some of our clinical trials involve drugs manufactured and marketed by other pharmaceutical companies. These drugs may be administered in a clinical trial in combination with one of our products or product candidates or in a head-to-head study comparing the products' or product candidates' relative efficacy and safety. In the event that any of these vendors or pharmaceutical companies have unforeseen issues that negatively impact the quality of their work or creates a shortage of supply, our ability to complete our applicable clinical trials and/or evaluate clinical results may also be negatively impacted. As a result, this could adversely affect our ability to timely file for, gain or maintain regulatory approvals worldwide.

Participants in clinical trials of our products and product candidates may also suffer adverse medical events or side effects that could:

- delay the clinical trial program;
- require additional or longer trials to gain approval;
- prohibit regulatory approval of our product candidates or new indications for existing products; and
- render the product candidate commercially unfeasible or limit our ability to market existing products completely or in certain therapeutic areas.

Clinical trials must be designed based on the current standard of medical care. However in certain diseases, such as cancer, the standard of care is evolving rapidly. In these diseases, the duration of time needed to complete certain clinical trials may result in the design of such clinical trials being based on standards of medical care that are no longer the current standards when such trials are completed, limiting the utility and application of such trials. We may not obtain favorable clinical trial results and therefore may not be able to obtain regulatory approval for new product candidates, new indications for existing products or maintenance of our current product labels.

Even after a product is on the market, safety concerns may require additional or more extensive clinical trials as part of a risk management plan for our product or for approval of a new indication. For example, in connection with the June 2011 ESA label changes, we also agreed to conduct additional clinical trials examining the use of ESAs in CKD. Additional clinical trials we initiate, including those required by the FDA, could result in substantial additional expense and the outcomes could result in additional label restrictions or the loss of regulatory approval for an approved indication, each of which could have a material adverse effect on the sales of our products, our business and results of operations. Additionally, any negative results from such trials could materially affect the extent of approvals, the use, reimbursement and sales of our products.

*We expect to face increasing competition from biosimilars.*

We currently face competition in Europe from biosimilars, and we expect to face increasing competition from biosimilars in the future. To the extent that governments adopt more permissive approval frameworks and competitors are able to obtain broader marketing approval for biosimilars, our products will become subject to increased competition. Expiration or successful challenge of applicable patent rights could trigger such competition, and we could face more litigation regarding the validity and/or scope of our patents. Our products may also experience greater competition from lower-cost biosimilars that come to market as branded products that compete with our products lose patent protection.

In the EU, the EC has granted marketing authorizations for several biosimilars pursuant to a set of general and product class-specific guidelines for biosimilar approvals issued since 2005. In addition, in an effort to spur biosimilar utilization and/or increase potential healthcare savings, some European countries, such as France, have considered and may adopt biosimilar uptake measures such as requiring physician prescribing quotas or automatic substitution by pharmacists of biosimilars for the corresponding reference products. Some EU countries may impose automatic price reductions upon market entry of the second or third biosimilar competitor. We cannot predict to what extent the entry of biosimilars or other competing products will impact future sales of our products in the EU. Our inability to compete effectively could reduce sales, which could have a material adverse effect on our business and results of operations.

In the United States, the ACA authorized the FDA to approve biosimilars via a separate, abbreviated pathway. (See Item 1. Business—Government Regulation—Regulation in the United States—Approval of Biosimilars.) A growing number of companies have announced their intentions to develop biosimilar versions of existing biotechnology products, including a number of our products as well as the biosimilars we are working to develop. Four manufacturers have announced the filing of five separate marketing applications to the FDA under the biosimilar pathway. These marketing applications include two for filgrastim, one for pegfilgrastim, and one for epoetin alfa, which if approved would compete with our NEUPOGEN®, Neulasta® and EPOGEN® products, respectively. Initial FDA approvals for the first U.S. biosimilars may occur as early as 2015. Further, other biosimilar manufacturers with approved products in Europe may seek to obtain U.S. approval now that the regulatory pathway for biosimilars has been enacted. The U.S. pathway includes the option for biosimilar products meeting certain criteria to be approved as interchangeable with their reference products. Some companies currently developing biosimilars may seek to register their products as interchangeable biologics, which could make it easier for prescribers or pharmacists to substitute those biosimilars for our products. In addition, critics of the 12-year exclusivity period in the biosimilar pathway law will likely seek to shorten the data exclusivity period and/or to encourage the FDA to interpret narrowly the law's provisions regarding which new products receive data exclusivity. While we are unable to predict the precise impact of the pending introduction of biosimilars on our products, we expect in the future to face greater competition in the United States as a result of biosimilars and downward pressure on our product prices and sales, subject to our ability to enforce our patents. This additional competition could have a material adverse effect on our business and results of operations.

*Our products face substantial competition.*

We operate in a highly competitive environment. (See Item 1. Business—Competition.) In the future, we expect that our products will compete with new drugs currently in development, drugs currently approved for other indications that may later be approved for the same indications as those of our products and drugs approved for other indications that are used off-label. Large pharmaceutical companies and generics manufacturers of pharmaceutical products are expanding into the biotechnology field, and some pharmaceutical companies and generics manufacturers have formed partnerships to pursue biosimilars. In addition, some of our competitors may have technical, competitive or other advantages over us for the development of technologies and processes or greater experience in particular therapeutic areas. These advantages may make it difficult for us to compete with them to successfully discover, develop and market new products and for our current products to compete with new products or new product indications that these competitors may bring to market. As a result, our products may compete against products that have lower prices, equivalent or superior performance, better safety profile, are easier to administer or that are otherwise competitive with our products. Our products may also experience greater competition from lower-cost biosimilars or generics that come to market as branded products that compete with our products lose their own patent protection. In November 2013, Teva launched short-acting Granix® in the U.S. to compete with NEUPOGEN® and long-acting lipegfilgrastim in Europe to compete with Neulasta®. In addition, EPOGEN® and Aranesp® face competition from the launch of MIRCERA® in the United States. In October 2014, pursuant to a December 2009 settlement agreement between Amgen and Roche, Roche began selling MIRCERA® in the

United States under the terms of a limited-license agreement. In addition, our product candidates may face competition from competing products that achieve earlier entry into the market. For example, several of our competitors are working to develop PCSK9 inhibitors at the same time we are developing Repatha™, our own PCSK9 inhibitor. If a competitor gains marketing approval for its PCSK9 inhibitor and launches its product prior to Repatha™ receiving marketing approval, the competing product may have an advantage due to its earlier entry into the market.

*Our sales depend on coverage and reimbursement from third-party payers.*

Sales of our principal products are dependent on the availability and extent of coverage and reimbursement from third-party payers, including government healthcare programs and private insurance plans. Governments and private insurers have pursued, and continue to pursue, aggressive cost containment and utilization management initiatives, including increased focus on comparing the effectiveness, benefits and costs of similar treatments, which could result in lower reimbursement rates for our products or narrower populations for whom our products will be reimbursed by payers.

A substantial portion of our U.S. business relies on reimbursement from U.S. federal government healthcare programs. Further, as the federal agency responsible for administering Medicare, Medicaid and the new Health Insurance Marketplaces (or "Exchanges"), CMS has substantial power to quickly implement policy changes that can significantly affect how our products are covered and reimbursed. Additionally, there is an increased focus in the United States on analyzing the impact of various government programs on the federal deficit, which has resulted in increased pressure on federal programs to reduce costs and could lead to lower payment rates for our products. Additionally, the implementation of ACA's Exchanges could drive consolidation in the insurance industry. The resulting consolidated entities could have greater leverage in making coverage and reimbursement decisions and exert additional pressure on our ability to price and secure patient access for our products. Further, the current Exchange offerings tend to have very high deductibles and cost-sharing requirements for drugs. Access to our products may be affected by the structure and amount of patient out-of-pocket payments in both plans that operate in Exchanges and also commercial plans. Changes to those out-of-pocket payments, or limitations to payment assistance options, could have a material adverse effect on the sales of our products, our business and results of operations. Private payers, including healthcare insurers and pharmacy benefit managers, also continue to seek to reduce their costs. Healthcare insurers, pharmacy benefit managers and other payers may seek price discounts or rebates in connection with the placement of our products on their formularies or those they manage. They could also impose restrictions on access to our products or future products, and could even choose to exclude coverage entirely. Such discounts, rebates, restrictions or exclusions could materially and adversely affect sales of our affected products.

Outside the United States, we expect that countries will continue to take aggressive actions to reduce their healthcare expenditures. (See Item 1. Business—Reimbursement.) Any deterioration in the coverage and reimbursement available for our products or in the timeliness or certainty of payment by payers to physicians and other providers could negatively impact the ability or willingness of healthcare providers to prescribe our products for their patients or otherwise negatively affect the use of our products or the prices we receive for them. Such changes could have a material adverse effect on the sales of our products, our business and results of operations.

We also face risks relating to the reporting of pricing data that affects the U.S. reimbursement of and discounts for our products. Pricing data that we submit impacts the payment rates for providers, rebates we pay, and discounts we are required to provide under Medicare, Medicaid and other government drug programs, and the calculations are complex. Price reporting regulations require a manufacturer to update certain previously submitted data. Our price reporting data calculations are reviewed on a quarterly basis, and based on such reviews we have on occasion restated previously reported pricing data to reflect changes in calculation methodology, reasonable assumptions, and/or underlying data. If our submitted pricing data are incorrect, we may become subject to substantial fines and penalties or other government enforcement actions, which could have a material adverse impact on our business and results of operations. In addition, if our pricing calculations are incorrect, we also may be required to pay additional rebates and provide additional discounts.

*We rely on third-party suppliers for certain of our raw materials, medical devices and components.*

We rely on unaffiliated third-party suppliers for certain raw materials, medical devices and components necessary for the manufacturing of our commercial and clinical products. Certain of those raw materials, medical devices and components are the proprietary products of those unaffiliated third-party suppliers and are specifically cited in our drug application with regulatory agencies so that they must be obtained from that specific sole source or sources and could not be obtained from another supplier unless and until the regulatory agency approved such supplier. Also, certain of the raw materials required in the commercial and clinical manufacturing of our products are sourced from other countries and/or derived from biological sources, including mammalian tissues, bovine serum and human serum albumin.

Among the reasons we may be unable to obtain these raw materials, medical devices and components include:

- regulatory requirements or action by regulatory agencies or others;
- adverse financial or other strategic developments at or affecting the supplier;
- unexpected demand for or shortage of raw materials, medical devices or components;
- failure to comply with our quality standards which results in quality and product failures, product contamination and/or recall;
- a material shortage, contamination, recall and/or restrictions on the use of certain biologically derived substances or other raw materials;
- discovery of previously unknown or undetected imperfections in raw materials, medical devices or components; and
- labor disputes or shortages, including the effects of a pandemic flu outbreak, natural disaster, or otherwise.

These events could negatively impact our ability to satisfy demand for our products, which could materially and adversely affect our product use and sales and our business and operating results. For example, in prior years we have experienced shortages in certain components necessary for the formulation, fill and finish of certain of our products in our Puerto Rico facility. Further quality issues which result in unexpected additional demand for certain components may lead to shortages of required raw materials or components (such as we have experienced with EPOGEN® glass vials). We may experience or continue to experience these or other shortages in the future resulting in delayed shipments, supply constraints, contract disputes and/or stock-outs of our products. We continue to investigate alternatives to certain biological sources and alternative manufacturing processes that do not require the use of certain biologically derived substances because such raw materials may be subject to contamination and/or recall. However, any disruptions or delays by us or by third-party suppliers or partners in converting to alternatives to certain biologically derived substances and alternative manufacturing processes or our ability to gain regulatory approval for the alternative materials and manufacturing processes could increase our associated costs or result in the recognition of an impairment in the carrying value of certain related assets, which could have a material and adverse effect on our business and results of operations.

*Manufacturing difficulties, disruptions or delays could limit supply of our products and limit our product sales.*

Manufacturing biologic human therapeutic products is difficult, complex and highly regulated. We currently are involved in the manufacture of all of our principal products and plan to manufacture many of our product candidates. In addition, we currently use third-party contract manufacturers to produce or assist in the production of ENBREL, Prolia®, Sensipar®/Mimpara®, Nplate®, XGEVA®, Vectibix® and Kyprolis® and plan to use contract manufacturers to produce or assist in the production of a number of our late-stage product candidates. Our ability to adequately and timely manufacture and supply our products and product candidates is dependent on the uninterrupted and efficient operation of our facilities and those of our third-party contract manufacturers, which may be impacted by:

- capacity of our facilities and those of our contract manufacturers;
- contamination by microorganisms or viruses, or foreign particles from the manufacturing process;
- natural or other disasters, including hurricanes, earthquakes, volcanoes or fires;
- labor disputes or shortages, including the effects of a pandemic flu outbreak, natural disaster, or otherwise;
- degree of compliance with regulatory requirements;
- changes in forecasts of future demand;
- timing and actual number of production runs;
- updating of manufacturing specifications;
- production success rates and yields;
- contractual disputes with our suppliers and contract manufacturers; and
- timing and outcome of product quality testing.

If the efficient manufacture and supply of our products or product candidates is interrupted, we may experience delayed shipments, delays in our clinical trials, supply constraints, stock-outs and/or recalls of our products. Over the past several years we have initiated a number of voluntary recalls of certain lots of our products. For example, beginning in September 2010, we

initiated a voluntary recall of certain lots of EPOGEN® and J&J voluntarily recalled certain lots of PROCRIT®, manufactured by us, because a small number of vials in each lot were found to contain glass lamellae (extremely thin, barely visible glass flakes) which we believed was a result of the interaction of the product formulation with glass vials during the shelf life of the product. The recalls were executed in close cooperation with the FDA. As an additional example, in July 2014, we initiated a voluntary recall of an Aranesp® lot distributed in the EU after particles were detected in a quality control sample following distribution of that lot. We may experience the same or other problems in the future, resulting in broader product recalls, adverse event trends, delayed shipments, supply constraints, contract disputes and/or stock-outs of our products. If we are at any time unable to provide an uninterrupted supply of our products to patients, we may lose patients and physicians may elect to prescribe competing therapeutics instead of our products, which could materially and adversely affect our product sales, business and results of operations.

Our manufacturing processes and those of our third-party contract manufacturers must undergo regulatory approval processes and are subject to continued review by the FDA and other regulatory authorities. It can take longer than five years to build, validate and license a new manufacturing plant and it can take longer than three years to qualify and license a new contract manufacturer. Currently, we are completing the construction and qualification of a new formulation and filling facility at our Puerto Rico site, and we are modifying and expanding our recently acquired formulation, fill and finish manufacturing site in Ireland, both of which will require appropriate licensure by regulatory authorities. Additionally, in 2014 we completed construction of the planned monoclonal antibody manufacturing facility in Singapore. This Singapore facility will utilize a novel manufacturing technology that has not been previously approved by the FDA or other regulatory authorities. In 2014, we also announced plans to build an additional facility at the site in Singapore to enable the manufacture of the active pharmaceutical ingredient for Kyprolis®. These facilities in Singapore will also require licensure by various regulatory authorities. If we are unable to obtain needed licenses for any of these facilities on a timely basis, it could adversely affect our ability to achieve our planned risk mitigation and cost reductions which, as a result, could materially and adversely affect our product sales, business and results of operations.

If regulatory authorities determine that we or our third-party contract manufacturers or certain of our third-party service providers have violated regulations or if they restrict, suspend or revoke our prior approvals, they could prohibit us from manufacturing our products or conducting clinical trials or selling our marketed products until we or the affected third-party contract manufacturers or third-party service providers comply, or indefinitely. Because our third-party contract manufacturers and certain of our third-party service providers are subject to the FDA and foreign regulatory authorities, alternative qualified third-party contract manufacturers and third-party service providers may not be available on a timely basis or at all. If we or our third-party contract manufacturers or third-party service providers cease or interrupt production or if our third-party contract manufacturers and third-party service providers fail to supply materials, products or services to us, we may experience delayed shipments, supply constraints, stock-outs and/or recalls of our products. Additionally, we distribute a substantial volume of our commercial products through our primary distribution centers in Louisville, Kentucky for the United States and in Breda, the Netherlands for Europe and much of the rest of the world. We also conduct all the labeling and packaging of our products distributed in Europe and much of the rest of the world in Breda, the Netherlands. Our ability to timely supply products is dependent on the uninterrupted and efficient operations of our distribution and logistics centers, our third-party logistics providers and our labeling and packaging facility in Breda. Further, we rely on commercial transportation for the distribution of our products to our customers which may be negatively impacted by natural disasters or security threats.

*We perform a substantial amount of our commercial manufacturing activities at our Puerto Rico manufacturing facility and a substantial amount of our clinical manufacturing activities at our Thousand Oaks, California manufacturing facility; if significant natural disasters or production failures occur at the Puerto Rico facility, we may not be able to supply these products or, at the Thousand Oaks facility, we may not be able to continue our clinical trials.*

We currently perform all of the formulation, fill and finish for Neulasta®, NEUPOGEN®, Aranesp®, EPOGEN®, Prolia® and XGEVA® and substantially all of the formulation, fill and finish operations for ENBREL at our manufacturing facility in Juncos, Puerto Rico. We also currently perform all of the bulk manufacturing for Neulasta®, NEUPOGEN® and Aranesp®, all of the purification of bulk EPOGEN® material and substantially all of the bulk manufacturing for Prolia® and XGEVA® at this facility. We perform substantially all of the bulk manufacturing and formulation, fill and finish, and packaging for product candidates to be used in clinical trials at our manufacturing facility in Thousand Oaks, California. The global supply of our products and product candidates is significantly dependent on the uninterrupted and efficient operation of these facilities. A number of factors could materially and adversely affect our operations, including:

- power failures and/or other utility failures;
- breakdown, failure or substandard performance of equipment;
- improper installation or operation of equipment;
- labor disputes or shortages, including the effects of a pandemic flu outbreak;

- inability or unwillingness of third-party suppliers to provide raw materials and components; and
- natural or other disasters, including hurricanes, earthquakes or fires.

These or other problems may result in our being unable to supply our products, which could materially and adversely affect our product sales, business and operating results. Our Puerto Rico facility is also subject to the same difficulties, disruptions or delays in manufacturing experienced in our other manufacturing facilities. For example, the limited number of lots of EPOGEN® voluntarily recalled in 2010 were manufactured at our Puerto Rico facility. In future inspections, our failure to adequately address the FDA's expectations could lead to further inspections of the facility or regulatory actions. (See Manufacturing difficulties, disruptions or delays could limit supply of our products and limit our product sales.)

*Our efforts to acquire other companies or products and to integrate their operations may not be successful, and may result in costs, delays or failures to realize the benefits of the transactions.*

We have an ongoing process of evaluating potential merger, acquisition, partnering and in-license opportunities that we expect will contribute to our future growth and expand our geographic footprint, product offerings and/or our R&D pipeline. Acquisitions may result in unanticipated costs, delays or other operational or financial problems related to integrating the acquired company and business with our company, which may result in the diversion of our management's attention from other business issues and opportunities. Failures or difficulties in integrating or retaining new personnel or in integrating the operations of the businesses that we acquire (including their technology, compliance programs, financial systems, distribution and general business operations and procedures), while preserving important R&D, distribution, marketing, promotion and other relationships, may affect our ability to grow and may result in us incurring asset impairment or restructuring charges. For example, on October 1, 2013, we acquired Onyx, a biopharmaceutical company with several currently marketed products as well as pipeline candidates progressing through the development process and failures or difficulties in the integration of Onyx could result in a material adverse impact on our business and results of operations.

*Our intellectual property positions may be challenged, invalidated, circumvented or expire, or we may fail to prevail in present and future intellectual property litigation.*

Our success depends in part on our ability to obtain and defend patent rights and other intellectual property rights that are important to the commercialization of our products and product candidates. The patent positions of pharmaceutical and biotechnology companies can be highly uncertain and often involve complex legal, scientific and factual questions. Third parties may challenge, invalidate or circumvent our patents and patent applications relating to our products, product candidates and technologies. In addition, our patent positions might not protect us against competitors with similar products or technologies because competing products or technologies may not infringe our patents. For certain of our product candidates, there are third parties who have patents or pending patent applications that they may claim necessitate payment of a royalty or prevent us from commercializing these product candidates in certain territories. Patent disputes are frequent, costly and can preclude, delay or increase the cost of commercialization of products. We have been in the past, and may be in the future, involved in patent litigation. A determination made by a court, agency or tribunal concerning infringement, validity, enforceability, injunctive or economic remedy, or the right to patent protection, for example, are typically subject to appellate or administrative review. Upon review, such initial determinations may be afforded little or no deference by the reviewing tribunal and may be affirmed, reversed, or made the subject of reconsideration through further proceedings. A patent dispute or litigation may not discourage a potential violator from bringing the product that is alleged to infringe to market prior to a final resolution of the dispute or litigation. The period of time from inception until resolution of a patent dispute or litigation is subject to the availability and schedule of the court, agency or tribunal before which the dispute or litigation is pending. We may be subject to competition during this period and may not be able to fully recover for the losses, damages, and harms we incur from infringement by the competitor product even if we prevail. Moreover, if we lose or settle current or future litigations at certain stages or entirely, we could be subject to competition and/or significant liabilities, be required to enter into third-party licenses for the infringed product or technology or be required to cease using the technology or product in dispute. In addition, we cannot guarantee that such licenses will be available on terms acceptable to us, or at all.

Further, under the Hatch-Waxman Act, our products approved by the FDA under the FDCA may be the subject of patent litigation with generic competitors before expiry of the five year period of data exclusivity provided for under the Hatch-Waxman Act and prior to the expiration of the patents listed for the product. Likewise, our innovative biologic products may be the subject of patent litigation prior to the expiration of our patents and, with respect to competitors seeking approval as a biosimilar or interchangeable version of our products, prior to the twelve year exclusivity period provided under the ACA. In addition, we may face additional patent litigation involving claims that the biosimilar product candidates we are working to develop infringe the patents of other companies that manufacture, market or sell the applicable reference products.

Certain of the existing patents on our principal products have recently expired or will expire this year or over the next few years. (See Item 1. Business —Marketing, Distribution and Selected Marketed Products—Patents.) As our patents expire,

competitors may be able to legally produce and market similar products or technologies, including biosimilars, which may have a material adverse effect on our product sales, business and results of operations. We have received, and we continue to seek, additional patent protection relating to our products, including patents on our products, specific processes for making our products, formulations and particular uses of our products. However, competitors may be able to invalidate, design around or otherwise circumvent our patents and sell competing products.

*Our sales and operations are subject to the risks of doing business in emerging markets.*

We expect a significant portion of growth in our future business to come from expanding in emerging markets. As we continue our expansion efforts in emerging markets around the world, through acquisitions and licensing transactions as well as through the development and introduction of our current products into new markets, we face numerous risks to our business. There is no guarantee that the Company's efforts and strategies to expand sales in emerging markets will succeed. Emerging market countries may be especially vulnerable to periods of global political, legal, regulatory and financial instability, including sovereign debt issues, fluctuations in currency exchange rates and/or the imposition of international sanctions in response to certain state actions. The Company may also be required to increase its reliance on third-party agents and unfamiliar operations and arrangements previously utilized by companies that we partner with or acquire in emerging markets (See We must conduct clinical trials in humans before we can commercialize and sell any of our product candidates or existing products for new indications.). Our international operations and business may also be subject to less protective intellectual property or other applicable laws, diverse data privacy and protection requirements, changing tax laws and tariffs, far-reaching anti-bribery and anti-corruption laws and regulations and an evolving legal and regulatory environment. These legal and operational challenges along with governmental controls, the challenges of attracting and retaining qualified personnel and obtaining and/or maintain necessary regulatory or pricing approvals of our products may result in a material adverse impact on the international sales of our products, our business and results of operations.

*Concentration of sales at certain of our wholesaler distributors and consolidation of free-standing dialysis clinic businesses may negatively impact our business.*

The substantial majority of our U.S. product sales is made to three pharmaceutical product wholesaler distributors: AmerisourceBergen Corporation, Cardinal Health, Inc. and McKesson Corporation. These distributors, in turn, sell our products to their customers, which include physicians or their clinics, dialysis centers, hospitals and pharmacies. One of our products, EPOGEN®, is sold primarily to free-standing dialysis clinics, which have experienced significant consolidation. Two organizations, DaVita and Fresenius Medical Care North America, own or manage a large number of the outpatient dialysis facilities located in the United States and account for a substantial majority of all EPOGEN® sales in the free-standing dialysis clinic setting. Due to this concentration, these entities have substantial purchasing leverage, which may put pressure on our pricing by their potential ability to extract price discounts on our products or fees for other services, correspondingly negatively impacting our bargaining position and profit margins.

*Our business may be affected by litigation and government investigations.*

We and certain of our subsidiaries are involved in legal proceedings. (See Part IV—Note 18, Contingencies and commitments, to the Consolidated Financial Statements.) Civil and criminal litigation is inherently unpredictable, and the outcome can result in costly verdicts, fines and penalties, exclusion from the federal healthcare programs and/or injunctive relief that affect how we operate our business. Defense of litigation claims can be expensive, time-consuming and distracting and it is possible that we could incur judgments or enter into settlements of claims for monetary damages or change the way we operate our business, which could have a material adverse effect on our business and results of operations. In addition, product liability is a major risk in testing and marketing biotechnology and pharmaceutical products. We may face substantial product liability exposure in human clinical trials and for products that we sell after regulatory approval. Product liability claims, regardless of their merits, could be costly and divert management's attention and adversely affect our reputation and the demand for our products. Amgen and Immunex have previously been named as defendants in product liability actions for certain of our products.

We are also involved in government investigations that arise in the ordinary course of our business. As we announced on December 19, 2012, we finalized a settlement agreement with the U.S. government and various other parties to settle certain allegations regarding our sales and marketing practices. However, we may also be subject to actions by governmental entities, including those not participating in the settlement, and may in the future become subject to claims by other parties, in each case with respect to the alleged conduct which is the subject of the settlement. We may see new governmental investigations of or actions against us citing novel theories of recovery. Any of these results could have a material adverse effect on our business and results of operations.

*The adoption of new tax legislation or exposure to additional tax liabilities could affect our profitability.*

We are subject to income and other taxes in the United States and other jurisdictions in which we do business. As a result, our provision for income taxes is derived from a combination of applicable tax rates in the various places we operate. Significant

judgment is required for determining our provision for income tax and our tax returns are periodically examined by various tax authorities. We believe our accrual for tax liabilities is adequate for all open years based on past experience, interpretations of tax law, and judgments about potential actions by tax authorities; however, due to the complexity of the provision for income taxes, the ultimate resolution of any tax matters may result in payments greater or less than amounts accrued. Our provision for income taxes and results of operations in the future could be adversely affected by changes to our operating structure, changes in the mix of income and expenses in countries with differing tax rates, changes in the valuation of deferred tax assets and liabilities, and changes in applicable tax laws, regulations or administrative interpretations thereof. For example, there are several proposals under consideration in the United States to reform tax law, including proposals that may reduce or eliminate the deferral of U.S. income tax on our unrepatriated foreign earnings. A significant change to the U.S. tax system, such as a change to the taxation of income earned outside the United States including credits allowed for foreign taxes, or a significant change to the Puerto Rico tax system, could have a material and adverse effect on our business and on the results of our operations.

*We may not be able to access the capital and credit markets on terms that are favorable to us, or at all.*

The capital and credit markets may experience extreme volatility and disruption which may lead to uncertainty and liquidity issues for both borrowers and investors. We may access the capital markets to supplement our existing funds and cash generated from operations in satisfying our needs for working capital; capital expenditure and debt service requirements; our plans to pay dividends; and other business initiatives we plan to strategically pursue, including acquisitions and licensing activities. In the event of adverse capital and credit market conditions, we may be unable to obtain capital market financing on similar favorable terms, or at all, which could have a material adverse effect on our business and results of operations. Changes in credit ratings issued by nationally recognized credit rating agencies could adversely affect our cost of financing and have an adverse effect on the market price of our securities.

*Our risk mitigation measures and corporate compliance program cannot guarantee that we effectively manage all operational risks and that we are in compliance with all potentially applicable U.S. federal and state regulations and all potentially applicable foreign regulations and/or other requirements.*

The development, manufacturing, distribution, pricing, sales, marketing and reimbursement of our products, together with our general operations, are subject to extensive federal and state regulation in the United States and to extensive regulation in foreign countries. (See Our current products and products in development cannot be sold without regulatory approval and Manufacturing difficulties, disruptions or delays could limit supply of our products and limit our product sales.) In addition, our business is complex, involves significant operational risks and includes the use of third parties to conduct business. While we have implemented numerous risk mitigation measures to comply with such regulations in this complex operating environment, we cannot guarantee that we will be able to effectively mitigate all operational risks. Further, we are operating under a corporate integrity agreement with the U.S. Department of Health and Human Services, OIG, which requires us to maintain our corporate compliance program and to undertake a set of defined obligations. The corporate integrity agreement requires us to make periodic attestations that we are implementing and following the provisions of the corporate integrity agreement, and provides for an independent third-party review organization to assess and report on our compliance to the OIG. While we have developed and instituted a corporate compliance program, we cannot guarantee that we, our employees, our partners, our consultants, our contractors or other third parties are or will be in compliance with all potentially applicable U.S. federal and state regulations and/or laws, all potentially applicable foreign regulations and/or laws and/or all requirements of the corporate integrity agreement. If we fail to adequately mitigate our operational risks or if we or our agents fail to comply with any of those regulations, laws and/or requirements of the corporate integrity agreement, a range of actions could result, including, but not limited to, the termination of clinical trials, the failure to approve a product candidate, restrictions on our products or manufacturing processes, withdrawal of our products from the market, significant fines, exclusion from government healthcare programs or other sanctions or litigation. Such occurrences could have a material and adverse effect on our product sales, business and results of operations.

*We are increasingly dependent on information technology systems, infrastructure and data.*

We are increasingly dependent upon information technology systems, infrastructure and data. The multitude and complexity of our computer systems make them inherently vulnerable to service interruption or destruction, malicious intrusion and random attack. Likewise, data privacy or security breaches by employees or others may pose a risk that sensitive data, including intellectual property, trade secrets or personal information belonging to the Company, its patients, customers or other business partners, may be exposed to unauthorized persons or to the public. Cyber-attacks are increasing in their frequency, sophistication and intensity, and have become increasingly difficult to detect. Cyber-attacks could include the deployment of harmful malware, denial-of-service, social engineering and other means to affect service reliability and threaten data confidentiality, integrity and availability. Our key business partners face similar risks and any security breach of their systems could adversely affect our security posture. While in the past we have experienced cyber-attacks and intrusions into our computer systems, we do not believe that such attacks have had a material adverse effect on our operations. While we continue to invest heavily in the protection of data and information technology, there can be no assurance that our efforts will prevent service interruptions, or identify breaches in our systems, that

could adversely affect our business and operations and/or result in the loss of critical or sensitive information, which could result in financial, legal, business or reputational harm to us.

*Global economic conditions may negatively affect us and may magnify certain risks that affect our business.*

Our operations and performance have been, and may continue to be, affected by economic conditions in the United States and throughout the world. As more fully explained below, financial pressures may cause government or other third-party payers to more aggressively seek cost containment through mandatory discounts on our products, policies requiring the automatic substitution of generics or biosimilars, higher hurdles for initial reimbursement approval for new products or other similar measures. (See We expect to face increasing competition from biosimilars.) For example, in recent years, Amgen has had to pay increased discounts under the 340B Drug Pricing Program in the United States through expansion to more settings of care and making more entities eligible to the mandatory discounts. Additionally, as a result of global economic conditions, third-party payers may delay or be unable to satisfy their reimbursement obligations. In addition, as a result of the economic conditions and/or employer decisions regarding the insurance coverage mandate that goes into effect in the United States in 2015 and 2016, some employers may seek to reduce costs by reducing or eliminating employer group healthcare plans or transferring a greater portion of healthcare costs to their employees. Job losses or other economic hardships may also result in reduced levels of coverage for some individuals, potentially resulting in lower levels of healthcare coverage for themselves or their families. These economic conditions may affect patients' ability to afford health care as a result of increased co-pay or deductible obligations, greater cost sensitivity to existing co-pay or deductible obligations, lost healthcare insurance coverage or for other reasons. We believe such conditions have led and could continue to lead to changes in patient behavior and spending patterns that negatively affect usage of certain of our products, including some patients delaying treatment, rationing prescription medications, leaving prescriptions unfilled, reducing the frequency of visits to healthcare facilities, utilizing alternative therapies and/or foregoing healthcare insurance coverage. In addition to its effects on consumers, any economic downturn may have also increased cost sensitivities among medical providers in the United States, such as oncology clinics, particularly in circumstances where providers may experience challenges in the collection of patient co-pays or be forced to absorb treatment costs as a result of coverage decisions or reimbursement terms. Collectively, we believe these changes have resulted and may continue to result in reduced demand for our products, which could materially and adversely affect the sales of our products, our business and results of operations. Any resulting decrease in demand for our products could also cause us to experience excess inventory write-offs and/or excess capacity or impairment charges at certain of our manufacturing facilities.

Economic conditions continue to affect our operations and performance outside the United States as well, particularly in countries where government-sponsored healthcare systems are the primary payers for healthcare expenditures. Credit and economic conditions have adversely impacted the timing of collections of our trade receivables. (See Part II—Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operation—Financial Condition, Liquidity and Capital Resources.) Further economic challenges may impact our ability to collect some or all of our receivables, which could have a material adverse impact on our operating cash flows and a material adverse effect on our financial position, liquidity or results of operations. (See Our sales depend on coverage and reimbursement from third-party payers.)

We also rely upon third parties for certain parts of our business, including licensees and partners, wholesale distributors of our products, contract clinical trial providers, contract manufacturers and single third-party suppliers. There may be a disruption or delay in the performance or satisfaction of commitments to us by these third parties which could have a material adverse effect on the sales of our products, our business and results of operations. Current economic conditions may adversely affect the ability of our distributors, customers and suppliers to obtain the liquidity required to buy inventory or raw materials and to perform their obligations under agreements with us, which could disrupt our operations. Further, economic conditions appear to have affected, and may continue to affect, the business practices of our wholesale distributors in a manner that contributes to lower sales of our products. Although we monitor our distributors', customers' and suppliers' financial condition and their liquidity in order to mitigate our business risks, some of our distributors, customers and suppliers may become insolvent, which could have a material adverse effect on the sales of our products, our business and results of operations. These risks may be elevated with respect to our interactions with third parties with substantial operations in countries where current economic conditions are the most severe, particularly where such third parties are themselves exposed to sovereign risk from business interactions directly with fiscally-challenged government payers.

We maintain a significant portfolio of investments disclosed as cash equivalents and marketable securities on our Consolidated Balance Sheet. The value of our investments may be adversely affected by interest rate fluctuations, downgrades in credit ratings, illiquidity in the capital markets and other factors that may result in other than temporary declines in the value of our investments. Any of those events could cause us to record impairment charges with respect to our investment portfolio or to realize losses on the sale of investments.

*Our stock price is volatile.*

Our stock price, like that of our peers in the biotechnology and pharmaceutical industries, is volatile. Our revenues and operating results may fluctuate from period to period for a number of reasons. Events such as a delay in product development or even a relatively small revenue shortfall may cause financial results for a period to be below our expectations or projections. As a result, our revenues and operating results and, in turn, our stock price may be subject to significant fluctuations.

*Guidelines and recommendations published by various organizations can reduce the use of our products.*

Government agencies promulgate regulations and guidelines directly applicable to us and to our products. However, professional societies, practice management groups, insurance carriers, physicians, private health/science foundations and organizations involved in various diseases from time to time may also publish guidelines or recommendations to healthcare providers, administrators and payers, and patient communities. Recommendations by government agencies or those other groups/organizations may relate to such matters as usage, dosage, route of administration and use of related therapies as well as reimbursement of our products by government and private payers. In addition, HTA organizations, such as the National Institute for Health and Clinical Excellence in the UK and the Canadian Agency for Drugs and Technologies in Health, make reimbursement recommendations to payers in their jurisdictions based on the clinical effectiveness, cost-effectiveness and service impact of new, emerging and existing medicines and treatments. Any recommendations or guidelines that result in decreased use, dosage or reimbursement of our products could materially and adversely affect our product sales, business and operating results. In addition, the perception by the investment community or stockholders that such recommendations or guidelines will result in decreased use and dosage of our products could adversely affect the market price for our common stock.

*The commercialization of certain of our product candidates and the marketing of certain of our products is dependent in part on our partners.*

We have entered into agreements with third parties to assist in the commercialization of certain of our product candidates and the marketing of certain of our products in specified geographic areas. (See Item 1. Business—Business Relationships.) Many of these agreements involve the sharing of certain decisions and a division of responsibilities, costs and benefits. If our partners fail to effectively deliver on their marketing and commercialization commitments to us or if we and our partners fail to coordinate our efforts effectively, sales of our products may be materially and adversely affected.

*There can be no assurance that we will continue to declare cash dividends or that we will repurchase stock.*

Our Board of Directors has declared quarterly dividends on our common stock since it adopted a dividend policy in 2011. In addition, in October 2014, our Board of Directors authorized an increase in our stock repurchase program that resulted in a total of $4.0 billion available under the repurchase program. Whether we pay such dividends and repurchase our stock in the future, and the amount and timing of such dividends and/or stock repurchases are subject to capital availability and periodic determinations by our Board of Directors that cash dividends and/or stock repurchases are in the best interest of our stockholders and are in compliance with all respective laws and agreements of the Company applicable to the declaration and payment of cash dividends and the repurchase of stock. Future dividends and stock repurchases, including their timing and amount, may be affected by, among other factors: our views on potential future capital requirements for strategic transactions, including acquisitions; debt service requirements; our credit rating; changes to applicable tax laws or corporate laws; and changes to our business model. In addition, the amount we spend and the number of shares we are able to repurchase under our stock repurchase program may further be affected by a number of other factors, including the stock price and blackout periods in which we are restricted from repurchasing shares. Our dividend payments and/or stock repurchases may change from time to time, and we cannot provide assurance that we will continue to declare dividends and/or repurchase stock in any particular amounts or at all. The reduction in or elimination of our dividend payments and/or stock repurchases could have a negative effect on our stock price.

*The illegal distribution and sale by third parties of counterfeit versions of our products or of stolen or diverted products could have a negative impact on our reputation and business.*

Third parties may illegally distribute and sell counterfeit versions of our products, which do not meet the exacting standards of our Company's development, manufacturing and distribution processes. Counterfeit medicines pose a significant risk to patient health and safety because of the conditions under which they are manufactured and the lack of regulation of their contents. Counterfeit products are frequently unsafe or ineffective and can be potentially life-threatening. Our reputation and business could suffer harm as a result of counterfeit drugs sold under our brand name. In addition, products stolen from inventory, at warehouses, plants or while in transit or unlawfully diverted, which are not properly stored and which are sold through unauthorized channels, could adversely impact patient safety, our reputation and our business. Public loss of confidence in the integrity of biologics and/or pharmaceutical products as a result of counterfeiting or theft could have a material adverse effect on our product sales, business and results of operations.

*We may experience difficulties, delays or unexpected costs and not achieve anticipated benefits and savings from our recently announced restructuring plan.*

During the second half of 2014, we initiated a restructuring plan to invest in continuing innovation and the launch of our new pipeline molecules, while improving our cost structure. As part of the plan, we expect to reduce staff and close or dispose of certain facilities. We may not realize, in full or in part, the anticipated benefits and savings from our restructuring efforts due to unforeseen difficulties, delays or unexpected costs, which may adversely affect our business and results of operations.

Following the completion of our restructuring, we must execute our core business initiatives, including advancing our pipeline and addressing competition from competitor products and biosimilars, with fewer human resources. We must also attract, retain and motivate key employees that are critical to our business. If we are unable to effectively execute with fewer staff members and/or attract, retain or motivate key employees, it may adversely affect our business.

## Item 1B. UNRESOLVED STAFF COMMENTS

None.

## Item 2. PROPERTIES

As of December 31, 2014, we owned or leased approximately 200 properties. The locations and primary functions of significant properties are summarized in the following table:

| U.S. Location: | Manufacturing | Administrative | Research and/or development | Sales and marketing | Warehouse | Distribution center |
|---|---|---|---|---|---|---|
| Thousand Oaks, CA* | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| San Francisco, CA | | ✓ | ✓ | ✓ | | |
| Boulder, CO** | ✓ | ✓ | | | ✓ | |
| Longmont, CO*** | ✓ | ✓ | | | ✓ | |
| Louisville, KY | | | | | ✓ | ✓ |
| Cambridge, MA | | | ✓ | | | |
| Woburn, MA | ✓ | ✓ | | | ✓ | |
| West Greenwich, RI | ✓ | ✓ | ✓ | | ✓ | |
| Bothell, WA** | | | ✓ | | ✓ | |
| Seattle, WA** | | ✓ | ✓ | | | |
| Other U.S. cities | | ✓ | ✓ | ✓ | | |

| Ex-U.S. Location: | Manufacturing | Administrative | Research and/or development | Sales and marketing | Warehouse | Distribution center |
|---|---|---|---|---|---|---|
| Brazil | ✓ | ✓ | | ✓ | ✓ | ✓ |
| Canada | | ✓ | ✓ | ✓ | | |
| China | | ✓ | ✓ | ✓ | | |
| Germany | | ✓ | ✓ | ✓ | | |
| Ireland | ✓ | ✓ | | ✓ | ✓ | |
| Japan | | ✓ | ✓ | ✓ | | |
| Netherlands | ✓ | ✓ | | ✓ | ✓ | ✓ |
| Puerto Rico | ✓ | ✓ | | | ✓ | ✓ |
| Singapore | ✓ | ✓ | | | ✓ | |
| Switzerland | | ✓ | ✓ | ✓ | | |
| Turkey | ✓ | ✓ | | ✓ | ✓ | ✓ |
| United Kingdom | | ✓ | ✓ | ✓ | | |
| Other countries | | ✓ | ✓ | ✓ | ✓ | |

* Corporate headquarters

** To be closed by end of 2015 as part of our restructuring plan

*** To be closed by end of 2017 as part of our restructuring plan

Excluded from the table above are undeveloped land and leased properties that have been abandoned and certain buildings that we still own but are no longer used in our business. There are no material encumbrances on our properties.

We believe that our facilities are suitable for their intended use and, in conjunction with our third-party contracting manufacturing agreements, provide adequate capacity and are sufficient to meet our expected needs. See Item 1A. Risk Factors for a discussion on the factors that could adversely impact our manufacturing operations and the global supply of our products.

See Item 1. Business—Manufacturing, Distribution and Raw Materials.

## Item 3. LEGAL PROCEEDINGS

Certain of the legal proceedings in which we are involved are discussed in Part IV—Note 18, Contingencies and commitments, to our Consolidated Financial Statements in this Annual Report on Form 10-K and are hereby incorporated by reference.

## Item 4. MINE SAFETY DISCLOSURES

Not applicable.

## PART II

### Item 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

*Common stock*

Our common stock trades on The NASDAQ Global Select Market under the symbol AMGN. As of February 12, 2015, there were approximately 7,383 holders of record of our common stock.

The following table sets forth, for the periods indicated, the range of high and low quarterly closing sales prices of the common stock as quoted on The NASDAQ Global Select Market:

| Year ended December 31, 2014 | High | Low |
|---|---|---|
| Fourth quarter | $ 171.64 | $ 130.45 |
| Third quarter | 144.01 | 115.39 |
| Second quarter | 126.07 | 110.29 |
| First quarter | 127.47 | 113.48 |
| **Year ended December 31, 2013** | | |
| Fourth quarter | $ 118.69 | $ 106.28 |
| Third quarter | 117.52 | 95.81 |
| Second quarter | 113.42 | 94.60 |
| First quarter | 102.51 | 82.08 |

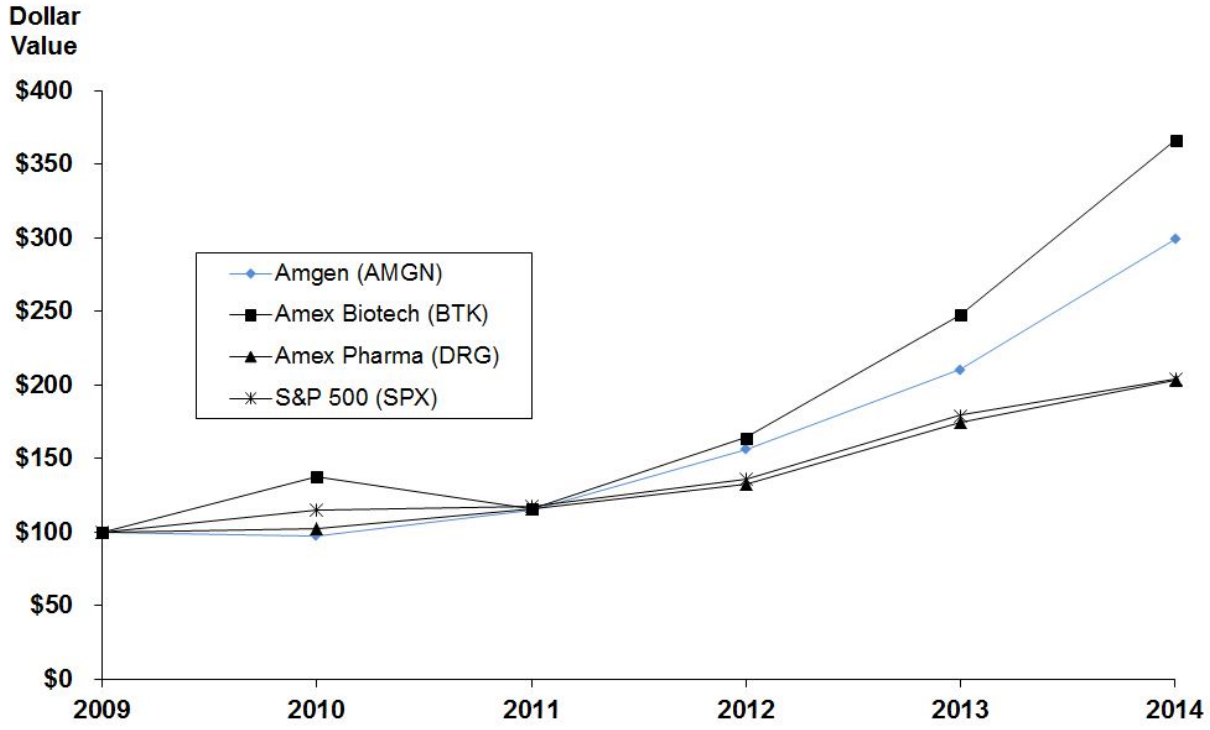
*Performance graph*

The following graph shows the value of an investment of $100 on December 31, 2009, in each of Amgen common stock, the Amex Biotech Index, the Amex Pharmaceutical Index and Standard & Poor's 500 Index (S&P 500). All values assume reinvestment of the pretax value of dividends and are calculated as of December 31 of each year. The historical stock price performance of the Company's common stock shown in the performance graph is not necessarily indicative of future stock price performance.

**Amgen vs. Amex Biotech, Amex Pharmaceutical and S&P 500 Indices**

Comparison of Five-Year Cumulative Total Return

Value of Investment of $100 on December 31, 2009




| | 12/31/2009 | 12/31/2010 | 12/31/2011 | 12/31/2012 | 12/31/2013 | 12/31/2014 |
|---|---|---|---|---|---|---|
| Amgen (AMGN) | 100.00 | 97.05 | 114.74 | 156.35 | 210.32 | 299.33 |
| Amex Biotech (BTK) | 100.00 | 137.73 | 115.91 | 164.13 | 247.47 | 366.04 |
| Amex Pharmaceutical (DRG) | 100.00 | 102.51 | 115.75 | 133.00 | 174.52 | 203.45 |
| S&P 500 (SPX) | 100.00 | 114.82 | 117.23 | 135.75 | 179.25 | 203.77 |

The material in this performance graph is not soliciting material, is not deemed filed with the SEC, and is not incorporated by reference in any filing of the Company under the Securities Act or the Exchange Act, whether made on, before or after the date of this filing and irrespective of any general incorporation language in such filing.

*Stock repurchase program*

During the year ended December 31, 2014, we had one outstanding stock repurchase program, under which the repurchasing activity was as follows:

| | Total number of shares purchased | Average price paid per share(1) | Total number of shares purchased as part of publicly announced program | Maximum dollar value that may yet be purchased under the program(2) |
|---|---|---|---|---|
| January 1 - September 30 | — | $ — | — | $ 1,559,838,541 |
| October 1 - October 31 | — | — | — | 4,000,000,000 |
| November 1 - November 30 | 223,000 | 162.67 | 223,000 | 3,963,725,678 |
| December 1 - December 31 | 714,209 | 163.77 | 714,209 | 3,846,756,797 |
| January 1 - December 31 | 937,209 | $ 163.51 | 937,209 | |

(1) Average price paid per share includes related expenses.

(2) In October 2014, our Board of Directors authorized an increase that resulted in a total of $4.0 billion available under the stock repurchase program.

*Dividends*

For the years ended December 31, 2014 and 2013, we paid quarterly dividends. We expect to continue to pay quarterly dividends, although the amount and timing of any future dividends are subject to approval by our Board of Directors. Additional information required by this item is incorporated herein by reference to Part IV—Note 15, Stockholders' equity, to the Consolidated Financial Statements.

*Securities Authorized for Issuance Under Existing Equity Compensation Plans*

Information about securities authorized for issuance under existing equity compensation plans is incorporated by reference from Item 12—Securities Authorized for Issuance Under Existing Equity Compensation Plans.

**Item 6. SELECTED FINANCIAL DATA**

| | Years ended December 31, | | | | |
|---|---|---|---|---|---|
| **Consolidated Statement of Income Data:** | **2014** | **2013** | **2012** | **2011** | **2010** |
| | (In millions, except per share data) | | | | |
| Revenues: | | | | | |
| Product sales | $ 19,327 | $ 18,192 | $ 16,639 | $ 15,295 | $ 14,660 |
| Other revenues | 736 | 484 | 626 | 287 | 393 |
| Total revenues | 20,063 | 18,676 | 17,265 | 15,582 | 15,053 |
| Operating expenses: | | | | | |
| Cost of sales | 4,422 | 3,346 | 3,199 | 2,708 | 2,501 |
| Research and development | 4,297 | 4,083 | 3,380 | 3,167 | 2,894 |
| Selling, general and administrative | 4,699 | 5,184 | 4,814 | 4,499 | 3,996 |
| Other[1] | 454 | 196 | 295 | 896 | 117 |
| Net income | 5,158 | 5,081 | 4,345 | 3,683 | 4,627 |
| Diluted earnings per share | 6.70 | 6.64 | 5.52 | 4.04 | 4.79 |
| Dividends paid per share | 2.44 | 1.88 | 1.44 | 0.56 | — |

| | As of December 31, | | | | |
|---|---|---|---|---|---|
| **Consolidated Balance Sheet Data:** | **2014** | **2013** | **2012** | **2011** | **2010** |
| | (In millions) | | | | |
| Total assets | $ 69,009 | $ 66,125 | $ 54,298 | $ 48,871 | $ 43,486 |
| Total debt[2] | 30,715 | 32,128 | 26,529 | 21,428 | 13,362 |
| Total stockholders' equity[3] | 25,778 | 22,096 | 19,060 | 19,029 | 23,944 |

In addition to the following notes, see Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and the Consolidated Financial Statements and accompanying notes and previously filed Annual Reports on Form 10-K for further information regarding our consolidated results of operations and financial position for periods reported therein and for known factors that will impact comparability of future results. Also, see Part IV—Note 15, Stockholders' equity, to the Consolidated Financial Statements, for information regarding cash dividends declared per share of common stock.

(1) In 2011, we recorded a $780 million legal settlement charge ($705 million, net of tax) in connection with an agreement in principle to settle allegations related to our sales and marketing practices.

(2) See Part IV—Note 14, Financing arrangements, to the Consolidated Financial Statements for discussion of our financing arrangements. In addition, in 2011 and 2010, we issued $10.5 billion and $2.5 billion, respectively, aggregate principal amount of notes. In 2011, we repaid our 0.125% Convertible Notes of $2.5 billion. No debt was due or repaid in 2010.

(3) Throughout the five years ended December 31, 2014, we had a stock repurchase program authorized by the Board of Directors through which we repurchased $0.2 billion, $0.8 billion, $4.7 billion, $8.3 billion and $3.8 billion, respectively, of Amgen common stock.

## Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following management's discussion and analysis (MD&A) is intended to assist the reader in understanding Amgen's business. MD&A is provided as a supplement to, and should be read in conjunction with, our consolidated financial statements and accompanying notes. Our results of operations discussed in MD&A are presented in conformity with accounting principles generally accepted in the United States (GAAP). Amgen operates in one business segment: human therapeutics. Therefore, our results of operations are discussed on a consolidated basis.

*Forward-looking statements*

This report and other documents we file with the SEC contain forward-looking statements that are based on current expectations, estimates, forecasts and projections about us, our future performance, our business, our beliefs and our management's assumptions. In addition, we, or others on our behalf, may make forward-looking statements in press releases or written statements, or in our communications and discussions with investors and analysts in the normal course of business through meetings, webcasts, phone calls and conference calls. Such words as "expect," "anticipate," "outlook," "could," "target," "project," "intend," "plan," "believe," "seek," "estimate," "should," "may," "assume," and "continue," as well as variations of such words and similar expressions are intended to identify such forward-looking statements. These statements are not guarantees of future performance and they involve certain risks, uncertainties and assumptions that are difficult to predict. We describe our respective risks, uncertainties and assumptions that could affect the outcome or results of operations in Item 1A. Risk Factors. We have based our forward-looking statements on our management's beliefs and assumptions based on information available to our management at the time the statements are made. We caution you that actual outcomes and results may differ materially from what is expressed, implied or forecast by our forward-looking statements. Reference is made in particular to forward-looking statements regarding product sales, regulatory activities, clinical trial results, reimbursement, expenses, earnings per share (EPS), liquidity and capital resources, trends and planned dividends, stock repurchases and restructuring plans. Except as required under the federal securities laws and the rules and regulations of the SEC, we do not have any intention or obligation to update publicly any forward-looking statements after the distribution of this report, whether as a result of new information, future events, changes in assumptions or otherwise.

**Overview**

Amgen is committed to unlocking the potential of biology for patients suffering from serious illnesses by discovering, developing, manufacturing and delivering innovative human therapeutics. This approach begins by using tools like advanced human genetics to unravel the complexities of disease and understand the fundamentals of human biology.

Amgen focuses on areas of high unmet medical need and leverages its biologics manufacturing expertise to strive for solutions that improve health outcomes and dramatically improve people's lives. A biotechnology pioneer since 1980, Amgen has grown to be one of the world's leading independent biotechnology companies, has reached millions of patients around the world and is developing a pipeline of medicines with breakaway potential.

Our principal products include Neulasta®, NEUPOGEN®, ENBREL, XGEVA®, Prolia®, EPOGEN®, Aranesp® and Sensipar®/Mimpara®. For additional information about our products, see Part I, Item 1. Business—Marketing, Distribution and Selected Marketed Products.

Our strategy for long-term growth continues to focus on discovery and development of innovative medicines to address serious illnesses, development of branded biosimilars, global expansion, next-generation manufacturing of high quality biologics, development of improved biologic drug delivery systems and return of capital to shareholders.

In 2014, we advanced our strategy. Revenues increased 7% driven by strong performance across the portfolio. Product sales grew 5% in the United States and 11% in the rest of the world (ROW). We continued returning capital to shareholders through the payment of dividends and through stock repurchases. We paid dividends of $0.61 per share of common stock in each of the four quarters of 2014, representing a 30% increase over the quarterly dividend paid in each of the four quarters of 2013. In December 2014, we declared a dividend of $0.79 per share of common stock, payable in March 2015, representing a 30% increase over the quarterly dividend paid in 2014. In October 2014, our Board of Directors approved an increase in our stock repurchase authorization that resulted in a total of $4.0 billion available under that program. We reinitiated repurchase activity in November 2014 and repurchased 0.9 million shares of our common stock at an aggregate cost of $153 million during the remainder of 2014.

In addition to delivering strong operating results, our innovative pipeline, which includes both internally-developed and externally-acquired opportunities, continued to advance in 2014, with the following milestones achieved:

| Clinical Program | Lead Indication | Milestone |
|---|---|---|
| Repatha™ | Dyslipidemia | US submission |
| | | EU submission |
| Corlanor® | Chronic heart failure | US submission |
| Kyprolis®* | Multiple myeloma | Phase 3 ASPIRE data |
| Talimogene laherparepvec | Metastatic melanoma | US submission |
| | | EU submission |
| BLINCYTO™ | Relapsed/refractory ALL | US approval |
| | | EU submission |
| Brodalumab** | Moderate-to-severe plaque psoriasis | Phase 3 data |
| AMG 416 | Secondary hyperparathyroidism | Phase 3 data |
| AMG 334 | Migraine prophylaxis | Phase 2b data (episodic) |

* Marketed by Onyx, an Amgen subsidiary
** Developed in collaboration with AstraZeneca

During 2014, six of our medicines generated positive registration-enabling data and four were submitted for regulatory approval. In December 2014, the FDA approved BLINCYTO™ and the Neulasta® Delivery Kit, including the On-body Injector for Neulasta®. In 2014, we also advanced and expanded our biosimilar program, including announcing plans to add three more biosimilar molecules to our portfolio—for a total of nine. Finally, in January 2015, we and Onyx announced the submission of a sNDA to the FDA and an MAA to the EMA for Kyprolis® to seek approval for the treatment of patients with relapsed multiple myeloma who have received at least one prior therapy.

We believe that we are uniquely positioned for the opportunities arising in biology and to deliver our strategy. We have near- and long-term growth opportunities ahead, including: (i) the approval and launch of new indications for Kyprolis® in the United States and Europe as well as the approval and launch of several new innovative biologics, including Repatha™ and brodalumab, (ii) continuing to move into new geographic growth markets and (iii) the development, approval and launch of our biosimilars. We are present in more than 75 countries and, in 2014 we continued to expand into new geographic growth markets, including additional markets in Latin America, the Middle East and Asia.

We announced a restructuring plan during the second half of 2014 that reduces our staff and our facilities footprint by the end of 2015. This restructuring plan allows us to invest in continuing innovation and the launch of our new pipeline molecules while improving our cost structure. We are also advancing a number of key initiatives to streamline processes, increase agility and efficiencies, and improve operating performance. These initiatives include improved contracting and sourcing, rationalizing discretionary spending, greater use of shared services and optimizing R&D efficiency. Also during 2014, we completed facilities construction and entered the licensure process for a Next-Generation Biomanufacturing facility in Singapore which we believe, when licensed, will enable us to increase our manufacturing productivity versus conventional alternatives at lower capital costs and operating expense. Our restructuring plan and our continued focus on increasing cost efficiencies in all areas of the company will enable us to reallocate resources to fund many of our growth opportunities to deliver value to patients and shareholders.

Our business will continue to face various challenges. Certain of our products will face increasing competitive pressure as a result of competitive product launches. Additionally, certain of the existing patents on our principal products recently expired or will expire this year or over the next few years, and we expect to face increasing competition, including biosimilars. For additional information, including information on the expiration of patents for various products, see Part I, Item 1. Business—Marketing, Distribution and Selected Marketed Products—Patents and see Part I, Item 1. Business—Marketing, Distribution and Selected Marketed Products—Competition.

Current global economic conditions also pose challenges to our business, including continued pressure to reduce healthcare expenditures. Efforts to reduce healthcare costs are being made by third-party payers including governments and private payers. In the United States, various actions have been taken aimed at reducing healthcare spending. The continuing prominence of U.S. budget deficits increases the risk that taxes, fees, rebates, or other federal measures that would further reduce our revenues or increase our expenses may be enacted. As a result of economic conditions, the industry continues to experience significant pricing pressures and other cost containment measures in certain non-U.S. countries also.

Our long-term success depends to a great extent on our ability to continue to discover, develop and commercialize innovative products and acquire or collaborate on therapies currently in development by other companies. The discovery and development of safe and effective new products, as well as the development of additional indications for existing products, are necessary for the continued strength of our business. We must develop new products over time in order to offset revenue losses when products lose their exclusivity or competing products are launched, as well as in order to provide for revenue and earnings growth. We devote considerable resources to R&D activities. However, successful product development in the biotechnology industry is highly uncertain. We are also confronted by increasing regulatory scrutiny of safety and efficacy both before and after products launch.

Finally, our product sales can be affected by wholesaler and end-user buying patterns. These effects can cause fluctuations in quarterly product sales. For example, sales of certain of our products in the United States for the three months ended March 31 are usually lower relative to the preceding fourth quarter. These effects have generally not been significant when comparing full-year product performance to the prior year.

See Part I, Item 1. Business—Marketing, Distribution and Selected Marketed Products and Part I, Item 1A. Risk Factors for further discussion of certain of the factors that could impact our future product sales.

**Selected financial information**

The following is an overview of our results of operations (in millions, except percentages and per share data):

| | Year ended December 31, 2014 | Change | Year ended December 31, 2013 |
|---|---|---|---|
| Product sales: | | | |
| U.S. | $ 14,732 | 5% | $ 14,045 |
| ROW | 4,595 | 11% | 4,147 |
| Total product sales | 19,327 | 6% | 18,192 |
| Other revenues | 736 | 52% | 484 |
| Total revenues | $ 20,063 | 7% | $ 18,676 |
| Operating expenses | $ 13,872 | 8% | $ 12,809 |
| Operating income | $ 6,191 | 6% | $ 5,867 |
| Net income | $ 5,158 | 2% | $ 5,081 |
| Diluted EPS | $ 6.70 | 1% | $ 6.64 |
| Diluted shares | 770 | 1% | 765 |

In the following discussion of changes in product sales, any reference to unit growth or decline refers to changes in the purchases of our products by healthcare providers, such as physicians or their clinics, dialysis centers, hospitals and pharmacies.

The increase in U.S. product sales for 2014 reflects growth across the portfolio except for NEUPOGEN®, which declined 28%. This overall growth was driven primarily by increases in average net sales prices and, to a lesser extent, unit growth, offset partially by a decline in wholesaler and, based on prescription data for ENBREL and Sensipar®, end-user inventory levels. Also, 2014 included a full year of Kyprolis® product sales as a result of the Onyx acquisition on October 1, 2013. The increase in ROW product sales for 2014 reflects growth primarily in our marketed products except ENBREL and Aranesp®, which declined 4% and 2%, respectively. The ROW increase was driven by unit growth, offset partially by declines in average net sales prices.

The increase in other revenues for 2014 was due primarily to a full year of Nexavar® collaboration revenues as a result of the Onyx acquisition.

The increase in operating expenses for 2014 was driven primarily by cost of sales and restructuring charges, offset partially by the end of the ENBREL profit share on October 31, 2013.

The increase in net income for 2014 was due primarily to higher operating income, offset partially by a higher effective income tax rate.

The increase in diluted EPS for 2014 was driven primarily by an increase in net income offset partially by an increase in diluted shares.

Although changes in foreign currency exchange rates result in increases or decreases in our reported international product sales, the benefit or detriment that such movements have on our international product sales is offset partially by corresponding increases or decreases in our international operating expenses and our related foreign currency hedging activities. Our hedging

activities seek to offset the impacts, both positive and negative, that foreign currency exchange rate changes may have on our net income by hedging our net foreign currency exposure, primarily with respect to product sales denominated in euros. The net impact from changes in foreign currency exchange rates was not material in 2014, 2013 or 2012.

**Results of Operations**

*Product sales*

Worldwide product sales were as follows (dollar amounts in millions):

| | Year ended December 31, 2014 | Change | Year ended December 31, 2013 | Change | Year ended December 31, 2012 |
|---|---|---|---|---|---|
| Neulasta®/NEUPOGEN® | $ 5,755 | (1)% | $ 5,790 | 8 % | $ 5,352 |
| ENBREL | 4,688 | 3 % | 4,551 | 7 % | 4,236 |
| XGEVA® | 1,221 | 20 % | 1,019 | 36 % | 748 |
| Prolia® | 1,030 | 38 % | 744 | 58 % | 472 |
| EPOGEN® | 2,031 | 4 % | 1,953 | 1 % | 1,941 |
| Aranesp® | 1,930 | 1 % | 1,911 | (6)% | 2,040 |
| Sensipar®/Mimpara® | 1,158 | 6 % | 1,089 | 15 % | 950 |
| Other products | 1,514 | 33 % | 1,135 | 26 % | 900 |
| Total product sales | $ 19,327 | 6 % | $ 18,192 | 9 % | $ 16,639 |
| Total U.S. | $ 14,732 | 5 % | $ 14,045 | 10 % | $ 12,815 |
| Total ROW | 4,595 | 11 % | 4,147 | 8 % | 3,824 |
| Total product sales | $ 19,327 | 6 % | $ 18,192 | 9 % | $ 16,639 |

Future sales of our products will depend, in part, on the factors discussed in the Overview, Part 1—Item 1. Business—Marketing, Distribution and Selected Marketed Products—Competition, Part 1—Item 1A. Risk Factors and any additional factors discussed in the individual product sections below. In addition, for a list of our products' significant competitors, see Part 1—Item 1. Business—Marketing, Distribution and Selected Marketed Products—Competition.

*Neulasta®/NEUPOGEN®*

Total Neulasta® and total NEUPOGEN® sales by geographic region were as follows (dollar amounts in millions):

| | Year ended December 31, 2014 | Change | Year ended December 31, 2013 | Change | Year ended December 31, 2012 |
|---|---|---|---|---|---|
| Neulasta® — U.S. | $ 3,649 | 4 % | $ 3,499 | 9 % | $ 3,207 |
| Neulasta® — ROW | 947 | 6 % | 893 | 1 % | 885 |
| Total Neulasta® | 4,596 | 5 % | 4,392 | 7 % | 4,092 |
| NEUPOGEN® — U.S. | 839 | (28)% | 1,169 | 16 % | 1,007 |
| NEUPOGEN® — ROW | 320 | 40 % | 229 | (9)% | 253 |
| Total NEUPOGEN® | 1,159 | (17)% | 1,398 | 11 % | 1,260 |
| Total Neulasta®/NEUPOGEN® | $ 5,755 | (1)% | $ 5,790 | 8 % | $ 5,352 |

The increase in global Neulasta® sales for 2014 was driven primarily by an increase in the average net sales price in the United States. The decrease in global NEUPOGEN® sales for 2014 was driven by the $155-million order from the U.S. government in 2013. Excluding the special order, U.S. and global sales declined 17% and 7%, respectively, which reflected decreases in unit demand in the United States, offset partially by the increased sales as a result of acquiring rights to filgrastim in certain regions effective January 1, 2014. In December 2014, the FDA granted approval of the Neulasta® Delivery Kit, including the On-body Injector for Neulasta®, which enables the healthcare provider to initiate administration of Neulasta® on the same day as cytotoxic chemotherapy with delivery of the patient's full dose of Neulasta® the day following chemotherapy administration, consistent with the Neulasta® prescribing information.

The increase in global Neulasta® sales for 2013 was driven by an increase in the average net sales price in the United States, offset partially by a decline in units. The increase in global NEUPOGEN® sales for 2013 was driven by the $155-million order

from the U.S. government. Excluding the special order, U.S. sales grew only 1% and global sales declined 1%. Units declined in 2013 in both the United States and ROW.

Our material U.S. patents for filgrastim (NEUPOGEN®) expired in December 2013. We face competition in the United States, which could have an impact over time on future sales of NEUPOGEN® and, to a lesser extent, Neulasta®. Our outstanding material U.S. patent for pegfilgrastim (Neulasta®) expires in 2015. Apotex, Inc. announced that the FDA accepted for filing their applications, under the abbreviated pathway, for pegfilgrastim, a biosimilar version of Neulasta®, on December 17, 2014, and for filgrastim, a biosimilar version of NEUPOGEN®, on February 17, 2015. On January 7, 2015, Sandoz, a Novartis company, announced that the FDA ODAC recommended approval of its investigational biosimilar filgrastim. The Sandoz biosimilar filgrastim is the subject of ongoing litigation between us and Sandoz.

See Part 1, Item 1. Business—Marketing, Distribution and Selected Marketed Products—Competition and Part IV—Note 18, Contingencies and commitments, to the Consolidated Financial Statements.

Future Neulasta®/NEUPOGEN® sales will also depend, in part, on the development of new protocols, tests and/or treatments for cancer and/or new chemotherapy treatments or alternatives to chemotherapy that may have reduced and may continue to reduce the use of chemotherapy in some patients.

*ENBREL*

Total ENBREL sales by geographic region were as follows (dollar amounts in millions):

| | Year ended December 31, 2014 | Change | Year ended December 31, 2013 | Change | Year ended December 31, 2012 |
|---|---|---|---|---|---|
| ENBREL — U.S. | $ 4,404 | 3 % | $ 4,256 | 7% | $ 3,967 |
| ENBREL — Canada | 284 | (4)% | 295 | 10% | 269 |
| Total ENBREL | $ 4,688 | 3 % | $ 4,551 | 7% | $ 4,236 |

The increase in ENBREL sales for 2014 was driven primarily by an increase in the average net sales price offset partially by unfavorable changes in wholesaler and, based on prescription data, end-user inventories.

The increase in ENBREL sales for 2013 was driven primarily by an increase in the average net sales price offset partially by slight unit declines.

*XGEVA® and Prolia®*

Total XGEVA® and total Prolia® sales by geographic region were as follows (dollar amounts in millions):

| | Year ended December 31, 2014 | Change | Year ended December 31, 2013 | Change | Year ended December 31, 2012 |
|---|---|---|---|---|---|
| XGEVA® — U.S. | $ 857 | 12% | $ 764 | 19% | $ 644 |
| XGEVA® — ROW | 364 | 43% | 255 | * | 104 |
| Total XGEVA® | 1,221 | 20% | 1,019 | 36% | 748 |
| Prolia® — U.S. | 625 | 35% | 462 | 58% | 292 |
| Prolia® — ROW | 405 | 44% | 282 | 57% | 180 |
| Total Prolia® | 1,030 | 38% | 744 | 58% | 472 |
| Total XGEVA®/Prolia® | $ 2,251 | 28% | $ 1,763 | 45% | $ 1,220 |

* Change in excess of 100%

The increases in global XGEVA® and Prolia® sales for 2014 and 2013 were driven primarily by unit growth.

*EPOGEN®*

Total EPOGEN® sales were as follows (dollar amounts in millions):

| | Year ended December 31, 2014 | Change | Year ended December 31, 2013 | Change | Year ended December 31, 2012 |
|---|---|---|---|---|---|
| EPOGEN® — U.S. | $ 2,031 | 4% | $ 1,953 | 1% | $ 1,941 |

The increase in EPOGEN® sales for 2014 was driven by an increase in the average net sales price offset partially by unit declines.

EPOGEN® sales for 2013 increased by 1% due to unit growth.

Our remaining material U.S. patent for EPOGEN® expires in May 2015. As a result, we may face competition in the United States, which may have a material adverse impact over time on EPOGEN® sales. In addition, EPOGEN® and Aranesp® will face competition from the launch of MIRCERA® in the United States. Roche began selling MIRCERA® in October 2014 in the United States under terms of a limited patent license obtained from Amgen in connection with the settlement of patent litigation. MIRCERA® competes with Aranesp® in the nephrology segment only. On December 16, 2014, Hospira, Inc. submitted a BLA to the FDA for Retacrit™, a proposed biosimilar to EPOGEN®, under the abbreviated pathway.

In addition, future EPOGEN® sales will also depend, in part, on such factors as response to changes in reimbursement, including the reduction to the ESRD payment bundle effective January 1, 2014, and changes in dose utilization as healthcare providers continue to refine their treatment practices in accordance with approved labeling. See Part 1, Item 1. Business—Marketing, Distribution and Selected Marketed Products—Competition.

*Aranesp®*

Total Aranesp® sales by geographic region were as follows (dollar amounts in millions):

| | Year ended December 31, 2014 | Change | Year ended December 31, 2013 | Change | Year ended December 31, 2012 |
|---|---|---|---|---|---|
| Aranesp® — U.S. | $ 794 | 6 % | $ 747 | (4)% | $ 782 |
| Aranesp® — ROW | 1,136 | (2)% | 1,164 | (7)% | 1,258 |
| Total Aranesp® | $ 1,930 | 1 % | $ 1,911 | (6)% | $ 2,040 |

The increase in U.S. Aranesp® sales for 2014 was driven by an increase in the average net sales price and, to a lesser extent, unit demand. The decrease in ROW Aranesp® sales for 2014 reflects price declines offset partially by unit demand in international markets.

The decrease in U.S. Aranesp® sales for 2013 was driven by declines in unit demand. The unit declines reflect changes in practice patterns resulting from changes to the label and to the reimbursement environment that occurred during 2011.

The decrease in ROW Aranesp® sales for 2013 reflects unit declines and price pressure in Europe.

*Sensipar®/Mimpara®*

Total Sensipar®/Mimpara® sales by geographic region were as follows (dollar amounts in millions):

| | Year ended December 31, 2014 | Change | Year ended December 31, 2013 | Change | Year ended December 31, 2012 |
|---|---|---|---|---|---|
| Sensipar® — U.S. | $ 796 | 5% | $ 757 | 18% | $ 639 |
| Sensipar®/Mimpara® — ROW | 362 | 9% | 332 | 7% | 311 |
| Total Sensipar®/Mimpara® | $ 1,158 | 6% | $ 1,089 | 15% | $ 950 |

The increases in global Sensipar®/Mimpara® sales for 2014 and 2013 were driven primarily by unit growth and increases in the average net sales price in the United States; however, the increases in 2014 were offset partially by unfavorable changes in U.S. wholesaler and, based on prescription data, end-user inventories.

*Other products*

Other product sales by geographic region were as follows (dollar amounts in millions):

| | Year ended December 31, 2014 | Change | Year ended December 31, 2013 | Change | Year ended December 31, 2012 |
|---|---|---|---|---|---|
| Vectibix® — U.S. | $ 168 | 33 % | $ 126 | 3% | $ 122 |
| Vectibix® — ROW | 337 | 28 % | 263 | 11% | 237 |
| Nplate® — U.S. | 260 | 8 % | 241 | 13% | 214 |
| Nplate® — ROW | 209 | 12 % | 186 | 21% | 154 |
| Kyprolis® — U.S. | 306 | * | 71 | N/A | — |
| Kyprolis® — ROW | 25 | * | 2 | N/A | — |
| BLINCYTO™ — U.S. | 3 | N/A | — | N/A | — |
| Other — ROW | 206 | (16)% | 246 | 42% | 173 |
| Total other product sales | $ 1,514 | 33 % | $ 1,135 | 26% | $ 900 |
| Total U.S. — other products | $ 737 | 68 % | $ 438 | 30% | $ 336 |
| Total ROW — other products | 777 | 11 % | 697 | 24% | 564 |
| Total other product sales | $ 1,514 | 33 % | $ 1,135 | 26% | $ 900 |

* Change in excess of 100%

*Operating expenses*

Operating expenses were as follows (dollar amounts in millions):

| | Year ended December 31, 2014 | Change | Year ended December 31, 2013 | Change | Year ended December 31, 2012 |
|---|---|---|---|---|---|
| Operating expenses: | | | | | |
| Cost of sales | $ 4,422 | 32 % | $ 3,346 | 5 % | $ 3,199 |
| % of product sales | 22.9% | | 18.4% | | 19.2% |
| % of total revenues | 22.0% | | 17.9% | | 18.5% |
| Research and development | $ 4,297 | 5 % | $ 4,083 | 21 % | $ 3,380 |
| % of product sales | 22.2% | | 22.4% | | 20.3% |
| % of total revenues | 21.4% | | 21.9% | | 19.6% |
| Selling, general and administrative | $ 4,699 | (9)% | $ 5,184 | 8 % | $ 4,814 |
| % of product sales | 24.3% | | 28.5% | | 28.9% |
| % of total revenues | 23.4% | | 27.8% | | 27.9% |
| Other | $ 454 | * | $ 196 | (34)% | $ 295 |

* Change in excess of 100%

*Restructuring*

We announced a restructuring plan during the second half of 2014 to invest in continuing innovation and the launch of our new pipeline molecules while improving our cost structure. As part of the plan, we stated that we would reduce our staff by 3,500 to 4,000 by the end of 2015 and close our facilities in Washington state and Colorado and reduce the number of buildings at our headquarters in Thousand Oaks, California. Company-wide, these actions will result in an approximate 23% reduction in our facilities footprint.

We estimate that these actions will result in pre-tax accounting charges in the range of $935 million to $1,035 million. During the year ended December 31, 2014, we initiated the above-noted actions and incurred $558 million of restructuring costs. We expect that substantially all remaining restructuring actions and related estimated costs will be incurred in 2015.

Net savings were not significant in 2014 due to investments in later stage clinical programs, new product launch preparation and external business development.

Additional information required for our restructuring plan is incorporated herein by reference to Part IV—Note 2, Restructuring and other cost savings initiatives, to the Consolidated Financial Statements.

*Cost of sales*

Cost of sales increased to 22.0% of total revenues for 2014, driven by acquisition-related expenses that included an increase of $642 million of non-cash amortization of intangible assets acquired in the Onyx acquisition. The year ended December 31, 2014, also included impairment and accelerated depreciation charges pursuant to our restructuring initiative of $104 million and a $99-million charge related to the termination of the supply contract with Roche as a result of acquiring the licenses to filgrastim and pegfilgrastim effective January 1, 2014.

Cost of sales decreased to 17.9% of total revenues for 2013, driven primarily by lower royalties and higher average net sales prices, offset partially by changes in product mix. The excise tax imposed by Puerto Rico on the gross intercompany purchase price of goods and services from our manufacturer in Puerto Rico (Puerto Rico excise tax) also slightly contributed to the decrease. The rate was 3.75% in 2012, 2.75% in the first half of 2013 and 4.0% effective July 1, 2013 through December 31, 2017. See Part IV—Note 5, Income taxes, to the Consolidated Financial Statements for further discussion of the Puerto Rico excise tax.

Excluding the impact of the excise tax, cost of sales would have been 20.1%, 16.0% and 16.5% of total revenues for 2014, 2013 and 2012, respectively.

*Research and development*

R&D costs are expensed as incurred and include primarily salaries, benefits and other staff-related costs; facilities and overhead costs; clinical trial and related clinical manufacturing costs; contract services and other outside costs; information systems' costs and amortization of acquired technology used in R&D with alternative future uses. R&D expenses also include costs and cost recoveries associated with K-A and third-party R&D arrangements, including upfront fees and milestones paid to third parties in connection with technologies which had not reached technological feasibility and did not have an alternative future use. Net payment or reimbursement of R&D costs is recognized when the obligations are incurred or as we become entitled to the cost recovery.

The Company groups all of its R&D activities and related expenditures into three categories: (1) Discovery Research and Translational Sciences (DRTS), (2) later stage clinical programs and (3) marketed products. These categories include the Company's R&D activities as set forth in the following table:

| Category | Description |
|---|---|
| DRTS | R&D expenses incurred in activities substantially in support of early research through the completion of phase 1 clinical trials. These activities encompass our DRTS functions, including drug discovery, toxicology, pharmacokinetics and drug metabolism, and process development. |
| Later stage clinical programs | R&D expenses incurred in or related to phase 2 and phase 3 clinical programs intended to result in registration of a new product or a new indication for an existing product in the United States or the EU. |
| Marketed products | R&D expenses incurred in support of the Company's marketed products that are authorized to be sold in the United States or the EU. Includes clinical trials designed to gather information on product safety (certain of which may be required by regulatory authorities) and their product characteristics after regulatory approval has been obtained, as well as the costs of obtaining regulatory approval of a product in a new market after approval in either the United States or the EU has been obtained. |

R&D expense by category was as follows (in millions):

| | Years ended December 31, | | |
|---|---|---|---|
| | 2014 | 2013 | 2012 |
| DRTS | $ 1,212 | $ 1,233 | $ 1,137 |
| Later stage clinical programs | 2,287 | 1,950 | 1,285 |
| Marketed products | 798 | 900 | 958 |
| Total R&D expense | $ 4,297 | $ 4,083 | $ 3,380 |

The increase in R&D expense for 2014 was driven primarily by increased costs of $326 million associated with Onyx across all categories of R&D spend, as well as increased costs associated with other later stage clinical program support. Overall, costs associated with later stage clinical programs support increased $337 million, offset partially by reduced expenses associated with marketed products support of $102 million and DRTS activities of $21 million. DRTS expenses included a $60 million upfront payment related to our cancer immunotherapy collaboration with Kite Pharma, Inc.

The increase in R&D expense for 2013 was driven primarily by an increase of $665 million in our later stage clinical programs, including evolocumab and Kyprolis®; and an increase of $96 million in DRTS activities, offset partially by reduced expenses associated with marketed products support of $58 million.

*Selling, general and administrative*

SG&A expenses are comprised primarily of salaries, benefits and other staff-related costs associated with sales and marketing, finance, legal and other administrative personnel; facilities and overhead costs; outside marketing, advertising and legal expenses; the BPD fee; and other general and administrative costs. Advertising costs are expensed as incurred. SG&A expenses also include costs and cost recoveries associated with marketing and promotion efforts under certain collaboration arrangements. Net payment or reimbursement of SG&A costs is recognized when the obligations are incurred or we become entitled to the cost recovery.

The decrease in SG&A expense for 2014 was driven primarily by the expiration of the ENBREL profit share in October 2013, which reduced expenses by $818 million. That decline was offset partially by the addition of $183 million as a result of the Onyx acquisition, an additional $129 million accrual for the BPD fee as the final regulations accelerated the expense recognition criteria for the fee obligation by one year and increased commercial expenses of $109 million in preparation for new product launches.

Historically, under our ENBREL collaboration agreement, we paid Pfizer a percentage of annual gross profits on our ENBREL sales in the United States and Canada on a scale that increased with gross profits. The ENBREL co-promotion term expired on October 31, 2013, and we are required to pay Pfizer residual royalties on a declining percentage of net ENBREL sales in the United States and Canada. The royalty percentage was 12% through October 31, 2014, declining to 11% through October 31, 2015 and 10% through October 31, 2016.

The increase in SG&A expense for 2013 was driven primarily by the addition of Onyx of $276 million, of which $215 million was acquisition-related. Included in these costs are advisory, legal and regulatory costs, and compensation-related payments. The compensation payments include cash payments for accelerated vesting of equity awards as part of the acquisition that were previously granted under the Onyx equity award programs which would not have otherwise vested. SG&A also increased by $98 million related primarily to favorable changes in 2012 to the estimated BPD fee.

*Other*

Other operating expenses for 2014 included certain charges related to our restructuring plan, primarily separation costs of $377 million. It also included a $46 million write-off of a non-key IPR&D program acquired in a prior year business combination.

Other operating expenses for 2013 included $113 million of adjustments to our estimated contingent consideration liability related to the BioVex Group, Inc. (BioVex) business combination, certain charges related to our other cost savings initiatives of $71 million, which included severance expenses, and $12 million of other charges related primarily to legal proceedings.

Other operating expenses for 2012 included charges of $175 million related to our other cost savings initiatives, which included severance and expenses associated with abandoning leased facilities, legal charges of $64 million and other operating expenses of $56 million, comprised primarily of adjustments to our estimated contingent consideration liability related to the BioVex business combination.

*Non-operating expenses/income and provision for income taxes*

Non-operating expenses/income and provision for income taxes were as follows (dollar amounts in millions):

| | Years ended December 31, | | |
|---|---|---|---|
| | 2014 | 2013 | 2012 |
| Interest expense, net | $ 1,071 | $ 1,022 | $ 1,053 |
| Interest and other income, net | $ 465 | $ 420 | $ 485 |
| Provision for income taxes | $ 427 | $ 184 | $ 664 |
| Effective tax rate | 7.6% | 3.5% | 13.3% |

*Interest expense, net*

The increase in interest expense, net in 2014 was due primarily to a higher average balance of debt outstanding offset partially by lower average borrowing rates compared with 2013. The decrease in interest expense, net in 2013 compared with 2012 was due primarily to the decrease in non-cash interest resulting from the settlement of our 0.375% 2013 Convertible Notes in February 2013 offset partially by increases resulting from the higher average balance of other outstanding debt and financing fees paid in association with the acquisition of Onyx.

*Interest and other income, net*

The increase in interest and other income, net for 2014 compared with 2013 was due primarily to interest earned as a result of a higher average balance of cash and investments offset partially by a reduction in income realized from the sale of investments recognized in 2014. The decrease in interest and other income, net for 2013 compared with 2012 was due primarily to a reduction in income from the sale of investments recognized in 2013.

*Income taxes*

The increase in our effective tax rate for 2014 compared with 2013 was due primarily to two significant events that occurred during 2013. First, the settlement of our examination with the Internal Revenue Service (IRS) for the years ended December 31, 2007, 2008 and 2009, in which we agreed to certain adjustments proposed by the IRS and remeasured our unrecognized tax benefits (UTBs) accordingly, resulting in a benefit of approximately $185 million. Second, because the American Taxpayer Relief Act of 2012 was not enacted until 2013, certain provisions of the Act benefiting the Company's 2012 federal taxes, including the retroactive extension of the R&D tax credit for 2012, were not recognized in the Company's 2012 financial results and instead are reflected in the Company's 2013 financial results. Therefore, our effective tax rate for 2013 included an additional $70 million benefit for the full-year 2012 R&D tax credit. The increase was offset partially by the favorable tax impact of changes in the jurisdictional mix of income and expenses due primarily to higher domestic acquisition-related expenses and restructuring costs in 2014.

The decrease in our effective rate for 2013 compared with 2012 was due primarily to three significant events occurring in 2013: (i) we settled our examination with the IRS for the years ended December 31, 2007, 2008 and 2009, as discussed above; (ii) costs associated with the acquisition of Onyx, which resulted in a tax benefit of approximately $180 million; and (iii) the reinstatement of the federal R&D tax credit for 2012 and 2013, as discussed above. Additionally, our rate was further reduced by the favorable tax impact of changes in the jurisdictional mix of income and expenses.

The effective tax rates for 2014, 2013 and 2012 would have been approximately 12.8%, 9.2%, and 18.7%, respectively, without the impact of the tax credits associated with the Puerto Rico excise tax.

As permitted under U.S. GAAP, we do not provide for U.S. income taxes on undistributed earnings of our foreign operations that are intended to be invested indefinitely outside the United States.

See Summary of Critical Accounting Policies—Income taxes and Part IV—Note 5, Income taxes, to the Consolidated Financial Statements for further discussion.

**Financial Condition, Liquidity and Capital Resources**

Selected financial data was as follows (in millions):

| | December 31, | |
|---|---|---|
| | 2014 | 2013 |
| Cash, cash equivalents and marketable securities | $ 27,026 | $ 19,401 |
| Restricted investments | — | 3,412 |
| Total cash, cash equivalents, marketable securities and restricted investments | $ 27,026 | $ 22,813 |
| Total assets | 69,009 | 66,125 |
| Current portion of long-term debt | 500 | 2,505 |
| Long-term debt | 30,215 | 29,623 |
| Stockholders’ equity | 25,778 | 22,096 |

The Company intends to continue to return capital to stockholders through the payment of cash dividends and share repurchases, reflecting our confidence in the future cash flows of our business. The amount we spend, the number of shares repurchased and the timing of such repurchases will vary based on a number of factors, including the stock price, the availability of financing on acceptable terms, the amount and timing of dividends and blackout periods in which we are restricted from repurchasing shares; and the manner of purchases may include private block purchases, tender offers and market transactions.

Whether and when we declare dividends and the size of any dividend could be affected by a number of additional factors. (See Part I, Item 1A. Risk Factors —There can be no assurance that we will continue to declare cash dividends or that we will repurchase stock). The Board of Directors declared quarterly cash dividends of $0.36 per share of common stock in 2012, increased our quarterly cash dividend by 31% to $0.47 per share of common stock in 2013 and increased our quarterly cash dividend by 30% to $0.61 per share of common stock in 2014. In December 2014, the Board of Directors declared a dividend of $0.79 per share of common stock, an increase of 30%, to be paid in March 2015.

The Company has also returned capital to stockholders through its stock repurchase program. During 2012, we spent $4.6 billion to repurchase shares of our common stock, and an additional $832 million during the first quarter of 2013, after which repurchases were temporarily suspended. In October 2014, the Board of Directors authorized an increase to the stock repurchase program that resulted in a total of $4.0 billion available. We reinitiated repurchasing activity under the program and, during the fourth quarter of 2014, we repurchased $153 million of stock, of which $138 million was paid in cash by December 31, 2014. As of December 31, 2014, $3.8 billion remains available under the Board of Directors-approved stock repurchase program.

We believe that existing funds, cash generated from operations and existing sources of and access to financing are adequate to satisfy our needs for working capital; capital expenditure and debt service requirements; our plans to pay dividends and repurchase stock; and other business initiatives we plan to strategically pursue, including acquisitions and licensing activities. We anticipate that our liquidity needs can be met through a variety of sources, including cash provided by operating activities, sales of marketable securities, borrowings through commercial paper and/or our syndicated credit facilities and access to other domestic and foreign debt markets and equity markets. With respect to our U.S. operations, we believe that existing funds intended for use in the United States; cash generated from our U.S. operations, including intercompany payments and receipts; and existing sources of and access to financing (collectively referred to as “U.S. funds”) are adequate to continue to meet our U.S. obligations (including our plans to pay dividends and repurchase stock with U.S. funds) for the foreseeable future. See Part I, Item 1A. Risk Factors—Global economic conditions may negatively affect us and may magnify certain risks that affect our business.

A significant portion of our operating cash flows is dependent on the timing of payments from our customers located in the United States and, to a lesser extent, our customers outside the United States, which include government-owned or -supported healthcare providers (government healthcare providers). Payments from these government healthcare providers are dependent in part on the economic stability and creditworthiness of their applicable country. Historically, some payments from a number of European government healthcare providers have extended beyond the contractual terms of sale, and regional economic uncertainty continues. In particular, credit and economic conditions in Southern Europe, particularly in Spain, Italy, Greece and Portugal, continue to adversely impact the timing of collections of our trade receivables in this region. As of December 31, 2014 and 2013, accounts receivable in these four countries totaled $223 million and $419 million, respectively. Of these receivables, $124 million and $301 million were past due as of December 31, 2014 and 2013, respectively. Although economic conditions in this region may continue to affect the average length of time it takes to collect payments, to date we have not incurred any significant losses related to these receivables; and the timing of payments in these countries has not had nor is it currently expected to have a material adverse impact on our overall operating cash flows. However, if government funding for healthcare were to become unavailable in these countries or if significant adverse adjustments to past payment practices were to occur, we might not be able to collect the entire balance of these receivables. We will continue working closely with these customers, monitoring the economic situation and taking appropriate actions as necessary.

*Cash, cash equivalents, and marketable securities*

Of our total cash, cash equivalents and marketable securities totaling approximately $27.0 billion as of December 31, 2014, approximately $25.7 billion was generated from operations in foreign tax jurisdictions and is intended to be invested indefinitely outside the United States. Under current tax laws, if these funds were repatriated for use in our U.S. operations, we would be required to pay additional income taxes at the tax rates then in effect.

The primary objective of our investment portfolio is to enhance overall returns in an efficient manner while maintaining safety of principal, prudent levels of liquidity and acceptable levels of risk. Our investment policy limits interest-bearing security investments to certain types of debt and money market instruments issued by institutions with primarily investment grade credit ratings and places restrictions on maturities and concentration by asset class and issuer.

*Financing arrangements*

The current and noncurrent portions of our long-term borrowings at December 31, 2014, were $0.5 billion and $30.2 billion, respectively. The current and noncurrent portions of our long-term borrowings at December 31, 2013, were $2.5 billion and $29.6 billion, respectively. As of December 31, 2014, Standard & Poor’s Financial Services LLC (S&P), Moody’s Investor Service, Inc. (Moody's) and Fitch, Inc. (Fitch) assigned credit ratings to our outstanding senior notes of A with a stable outlook, Baa1 with a stable outlook and BBB with a negative outlook, respectively, which are considered investment grade. Unfavorable changes to

these ratings may have an adverse impact on future financings and would affect the interest rate paid under our Term Loan Credit Facility.

During the years ended December 31, 2014, 2013 and 2012, we issued long-term debt with aggregate principal amounts of $4.5 billion, $8.1 billion, and $5.0 billion, respectively. During the years ended December 31, 2014, 2013 and 2012, we repaid debt of $5.6 billion, $3.4 billion, and $123 million, respectively. For information regarding specific issuances and repayments of debt, see Part IV—Note 14, Financing arrangements, to the Consolidated Financial Statements.

To achieve a desired mix of fixed and floating interest rate debt, we entered into interest rate swap contracts that effectively converted a fixed-rate interest coupon for certain of our debt issuances to a floating London Interbank Offered Rates (LIBOR)-based coupon over the life of the respective note. These interest rate swap contracts qualified and are designated as fair value hedges. In 2014 and 2013, we entered into interest rate swap contracts with aggregate notional amounts of $2.25 billion and $4.4 billion, respectively. In addition, we previously had interest rate swap contracts on debt with an aggregate face value of $3.6 billion which, due to historically low interest rates, were terminated in May 2012. See Part IV—Note 14, Financing arrangements, and Note 17, Derivative instruments, to the Consolidated Financial Statements for further discussion of our interest rate swap contracts.

To hedge our exposure to foreign currency exchange rate risk associated with certain of our long-term notes denominated in foreign currencies, we entered into cross-currency swap contracts, which effectively convert the interest payments and principal repayment of the respective notes from euros/pounds sterling to U.S. dollars. These cross-currency swap contracts qualify and are designated as cash flow hedges. As of December 31, 2014 and 2013, we had cross-currency swap contracts with aggregate notional amounts of $2.7 billion. See Part IV—Note 17, Derivative instruments, to the Consolidated Financial Statements for further discussion of our cross-currency swap contracts.

As of December 31, 2014, we had a commercial paper program that allows us to issue up to $2.5 billion of unsecured commercial paper to fund our working capital needs. At December 31, 2014 and 2013, we had no amounts outstanding under our commercial paper program.

In July 2014, we entered into a $2.5 billion syndicated, unsecured, revolving credit agreement which is available for general corporate purposes or as a liquidity backstop to our commercial paper program. This agreement amended and restated our previous revolving credit agreement on substantially similar terms. The commitments under the revolving credit agreement may be increased by up to $500 million with the agreement of the banks. Each bank which is a party to the agreement has an initial commitment term of five years. This term may be extended for up to two additional one-year periods with the agreement of the banks. Annual commitment fees for this agreement are 0.1% based on our current credit rating. Generally, we would be charged interest at LIBOR plus 0.9% for any amounts borrowed under this facility. As of December 31, 2014 and 2013, no amounts were outstanding under this facility.

In February 2014, we filed a shelf registration statement with the SEC which allows us to issue unspecified amounts of debt securities; common stock; preferred stock; warrants to purchase debt securities, common stock, preferred stock or depository shares; rights to purchase common stock or preferred stock; securities purchase contracts; securities purchase units; and depository shares. Under this shelf registration statement, all of the securities available for issuance may be offered from time to time with terms to be determined at the time of issuance. This shelf registration statement expires in February 2017.

In 1997, we established a $400 million medium-term note program under which medium-term debt securities may be offered from time to time with terms to be determined at the time of issuance. As of December 31, 2014 and 2013, no securities were outstanding under this medium-term note program.

Certain of our financing arrangements contain non-financial covenants. In addition, our revolving credit agreement and Term Loan Credit Facility each includes a financial covenant with respect to the level of our borrowings in relation to our equity, as defined. We were in compliance with all applicable covenants under these arrangements as of December 31, 2014.

See Part IV—Note 14, Financing arrangements, to the Consolidated Financial Statements for further discussion of our financing arrangements.

*Cash flows*

A summary of our cash flow activity was as follows (in millions):

| | Years ended December 31, | | |
|---|---|---|---|
| | 2014 | 2013 | 2012 |
| Net cash provided by operating activities | $ 8,555 | $ 6,291 | $ 5,882 |
| Net cash used in investing activities | (5,752) | (8,469) | (9,990) |
| Net cash (used in) provided by financing activities | (2,877) | 2,726 | 419 |

*Operating*

Cash provided by operating activities has been and is expected to continue to be our primary recurring source of funds. Cash provided by operating activities increased during 2014 due primarily to higher revenues, higher operating income, including the impact of the expiration of the ENBREL co-promotion term on October 31, 2013, and improvements in working capital. Cash provided by operating activities increased during 2013 due primarily to the 2012 impacts of the payment associated with a legal settlement and higher payments to taxing authorities, offset partially by cash receipts in 2012 of $397 million in connection with the termination of interest rate swap agreements and $197 million received under a government-funded program in Spain with regard to trade receivables.

*Investing*

Capital expenditures, which were associated primarily with manufacturing capacity expansions in Singapore, Puerto Rico and Ireland, as well as other site developments, totaled $718 million, $693 million and $689 million in 2014, 2013 and 2012, respectively. We currently estimate 2015 spending on capital projects and equipment to be approximately $800 million.

Cash used in investing activities during the years ended December 31, 2014, 2013 and 2012, also included the cost of acquiring certain businesses, net of cash acquired, which totaled $165 million, $9.4 billion and $2.4 billion, respectively. In addition, during the year ended December 31, 2014, $285 million was used to purchase intangible assets.

Net activity related to marketable securities and restricted investments used $4.4 billion for 2014 and provided $1.7 billion for 2013. Net purchases of marketable securities totaled $6.9 billion for 2012.

*Financing*

Cash used in financing activities during 2014 was due primarily to the repayment of long-term debt of $5.6 billion, the payment of dividends of $1.9 billion and repurchases of our common stock of $138 million. These payments were offset partially by net proceeds from the issuance of long-term debt of $4.5 billion and net proceeds from the issuance of common stock in connection with the Company's equity award programs of $186 million. Cash provided by financing activities during 2013 was due primarily to net proceeds from the issuance of long-term debt of $8.1 billion and net proceeds from the issuance of common stock in connection with the Company's equity award programs of $296 million. These receipts were offset partially by the repayment of long-term debt of $3.4 billion, the payment of dividends of $1.4 billion and repurchases of our common stock of $832 million. Cash used in financing activities during 2012 was due primarily to net proceeds from the issuance of long-term debt of $4.9 billion and net proceeds from the issuance of common stock in connection with the Company's equity award programs of $1.3 billion, offset partially by repurchases of common stock of $4.6 billion and the payment of dividends of $1.1 billion.

See Part IV—Note 14, Financing arrangements, and Note 15, Stockholders’ equity, to the Consolidated Financial Statements for further discussion.

**Off-Balance Sheet Arrangements**

We do not have any off-balance sheet arrangements that are material or reasonably likely to become material to our consolidated financial position or consolidated results of operations.

**Contractual Obligations**

Contractual obligations represent future cash commitments and liabilities under agreements with third parties, and exclude contingent liabilities for which we cannot reasonably predict future payment. Additionally, the expected timing of payment of the obligations presented below is estimated based on current information. Timing of payments and actual amounts paid may be different depending on the timing of receipt of goods or services or changes to agreed-upon terms or amounts for some obligations.

The following table represents our contractual obligations aggregated by type (in millions):

| | Payments due by period as of December 31, 2014 | | | | |
|---|---|---|---|---|---|
| **Contractual obligations** | **Total** | **Year 1** | **Years 2 and 3** | **Years 4 and 5** | **Years 6 and beyond** |
| Long-term debt obligations [1] [2] [3] [4] | $ 48,262 | $ 1,611 | $ 8,985 | $ 9,579 | $ 28,087 |
| Operating lease obligations | 1,034 | 135 | 323 | 282 | 294 |
| Purchase obligations [5] | 3,398 | 1,377 | 811 | 401 | 809 |
| UTBs [6] | — | — | — | — | — |
| Total contractual obligations | $ 52,694 | $ 3,123 | $ 10,119 | $ 10,262 | $ 29,190 |

[1] Long-term debt obligations include future interest payments which are included in our financing arrangements at the fixed contractual coupon rates. To achieve a desired mix of fixed and floating interest rate debt, we enter into interest rate swap contracts that effectively convert a fixed rate interest coupon for certain of our debt issuances to a floating LIBOR-based coupon over the life of the respective note. We used an interest rate forward curve at December 31, 2014, in computing net amounts to be paid or received under our interest rate swap contracts which resulted in an aggregate net increase in future interest payments of $272 million. See Part IV—Note 14, Financing arrangements, to the Consolidated Financial Statements for further discussion of our interest swap contracts.

[2] Long-term debt obligations include future interest payments under our Term Loan at LIBOR-based variable rates of interest. We used an interest rate forward curve at December 31, 2014, in computing interest payments on this debt obligation. See Part IV—Note 14, Financing arrangements, to the Consolidated Financial Statements for further discussion of this debt obligation.

[3] Long-term debt obligations include contractual interest payments and principal repayment of our foreign denominated debt obligations. In order to hedge our exposure to foreign currency exchange rate risk associated with certain of our pound sterling and euro denominated long-term debt, we entered into cross-currency swap contracts that effectively convert interest payments and principal repayment on this debt from euros/pounds sterling to U.S. dollars. For purposes of this table, we used the contracted exchange rates in the cross-currency swap contracts to compute the net amounts of future interest payments and principal repayments on this debt. See Part IV—Note 17, Derivative instruments, to the Consolidated Financial Statements for further discussion of our cross-currency swap contracts.

[4] Interest payments and the repayment of principal on our 4.375% 2018 euro Notes were translated into U.S. dollars at the foreign currency exchange rate in effect at December 31, 2014. See Part IV—Note 14, Financing arrangements, to the Consolidated Financial Statements for further discussion of our long-term debt obligations.

[5] Purchase obligations relate primarily to: (i) R&D commitments (including those related to clinical trials) for new and existing products; (ii) capital expenditures; (iii) open purchase orders for the acquisition of goods and services in the ordinary course of business; and (iv) a $225 million payment due to the former shareholders of Proteolix, Inc. in settlement of contingent consideration assumed in the acquisition of Onyx (see Note 16, Fair value measurement to the Consolidated Financial Statements). Our obligation to pay certain of these amounts may be reduced based on certain future events.

[6] Liabilities for UTBs (net of foreign tax credits and federal tax benefit of state taxes) and related accrued interest and penalties totaling approximately $1.7 billion at December 31, 2014, are not included in the table above because, due to their nature, there is a high degree of uncertainty regarding the timing of future cash outflows and other events that extinguish these liabilities.

In addition to amounts in the table above, we are contractually obligated to pay additional amounts, which in the aggregate are significant, upon the achievement of various development, regulatory and commercial milestones for agreements we have entered into with third parties, including contingent consideration incurred in the acquisition of BioVex. These payments are contingent upon the occurrence of various future events, substantially all of which have a high degree of uncertainty of occurring. These contingent payments have not been included in the table above, and, except with respect to the fair value of the contingent consideration obligations, are not recorded on our Consolidated Balance Sheets. As of December 31, 2014, the maximum amount that may be payable in the future for agreements we have entered into with third parties is approximately $3.0 billion, including $450 million of contingent consideration payments in connection with the acquisition of BioVex. See Part IV—Note 16, Fair value measurement to the Consolidated Financial Statements.

**Summary of Critical Accounting Policies**

The preparation of our consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the notes to the financial statements. Some of those judgments can be subjective and complex, and therefore, actual results could differ materially from those estimates under different assumptions or conditions.

*Product sales and sales deductions*

Revenues from sales of our products are recognized when the products are shipped and title and risk of loss have passed. Product sales are recorded net of accruals for estimated rebates, wholesaler chargebacks, cash discounts and other deductions (collectively, "sales deductions") and returns, which are established at the time of sale.

We analyze the adequacy of our accruals for sales deductions quarterly. Amounts accrued for sales deductions are adjusted when trends or significant events indicate that adjustment is appropriate. Accruals are also adjusted to reflect actual results. Amounts recorded in Accrued liabilities in the Consolidated Balance Sheets for sales deductions were as follows (in millions):

| | Rebates | Chargebacks | Other deductions | Total |
|---|---|---|---|---|
| Balance as of January 1, 2012 | $ 1,047 | $ 199 | $ 80 | $ 1,326 |
| Amounts charged against product sales | 1,480 | 2,709 | 659 | 4,848 |
| Payments | (1,680) | (2,741) | (624) | (5,045) |
| Balance as of December 31, 2012 | 847 | 167 | 115 | 1,129 |
| Amounts charged against product sales | 1,784 | 3,008 | 669 | 5,461 |
| Payments | (1,736) | (2,924) | (682) | (5,342) |
| Balance as of December 31, 2013 | 895 | 251 | 102 | 1,248 |
| Amounts charged against product sales | 2,499 | 3,399 | 688 | 6,586 |
| Payments | (2,274) | (3,454) | (727) | (6,455) |
| Balance as of December 31, 2014 | $ 1,120 | $ 196 | $ 63 | $ 1,379 |

For the years ended December 31, 2014, 2013 and 2012, total sales deductions were 25%, 23% and 23% of gross product sales, respectively. Included in these amounts are immaterial adjustments related to prior-year sales due to changes in estimates. Such amounts represent 3% or less of the aggregate sales deductions charged against product sales in each of the three years ended December 31, 2014.

In the United States, we utilize wholesalers as the principal means of distributing our products to healthcare providers, such as physicians or their clinics, dialysis centers, hospitals and pharmacies. Products we sell in Europe are distributed principally to hospitals and/or wholesalers depending on the distribution practice in each country where the product is sold. We monitor the inventory levels of our products at our wholesalers by using data from our wholesalers and other third parties, and we believe wholesaler inventories have been maintained at appropriate levels (generally two to three weeks) given end-user demand. Accordingly, historical fluctuations in wholesaler inventory levels have not significantly impacted our method of estimating sales deductions and returns.

Accruals for sales deductions are based primarily on estimates of the amounts earned or to be claimed on the related sales. These estimates take into consideration current contractual and statutory requirements, specific known market events and trends, internal and external historical data and forecasted customer buying patterns. Sales deductions are substantially product-specific and, therefore, for any given year, can be impacted by the mix of products sold.

Rebates include primarily amounts paid to payers and providers in the United States, including those paid to state Medicaid programs, and are based on contractual arrangements or statutory requirements which vary by product, by payer and individual payer plans. As we sell product, we estimate the amount of rebate that will be paid by us based on the product sold, contractual terms, estimated patient population, historical experience and wholesaler inventory levels and accrue these rebates in the period the related sale is recorded. We then adjust the rebate accruals as more information becomes available and to reflect actual claims experience. Estimating such rebates is complicated, in part, due to the time delay between the date of sale and the actual settlement of the liability, which can take more than one year. We believe the methodology we use to accrue for rebates is reasonable and appropriate given current facts and circumstances. However, actual results may differ. For example, we had managed Medicaid rebate adjustments of $164 million in 2013. Changes in annual estimates related to prior annual periods were less than 2% of the estimated rebate amounts charged against product sales for the year ended December 31, 2014, and less than 10% for the years ended December 31, 2013 and 2012, including the aforementioned adjustment. A 10% change in our rebate estimate attributable

to rebates recognized in 2014 would have had an impact of approximately $250 million, or approximately 1% of our 2014 product sales and a corresponding impact on our financial condition and liquidity.

Wholesaler chargebacks relate to our contractual agreements to sell products to healthcare providers in the United States at fixed prices that are lower than the prices we charge wholesalers. When healthcare providers purchase our products through wholesalers at these reduced prices, wholesalers charge us for the difference between their purchase price and the contractual price between Amgen and the healthcare providers. The provision for chargebacks is based on the expected sales by our wholesaler customers to healthcare providers. Accruals for wholesaler chargebacks are less difficult to estimate than rebates and closely approximate actual results since chargeback amounts are fixed at the date of purchase by the healthcare providers, and we generally settle the liability for these deductions within a few weeks.

*Product returns*

Returns are estimated through comparison of historical return data to their related sales on a production lot basis. Historical rates of return are determined for each product and are adjusted for known or expected changes in the marketplace specific to each product, when appropriate. In each of the last three years, sales return provisions have amounted to less than 1% of gross product sales. Changes in estimates for prior year sales return provisions have historically been insignificant.

*Income taxes*

The Company provides for income taxes based on pretax income and applicable tax rates available in the various jurisdictions in which it operates.

We recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities based on the technical merits of the position. The tax benefits recognized in the financial statements on a particular tax position are measured based on the largest benefit that is more likely than not to be realized. The amount of UTBs is adjusted as appropriate for changes in facts and circumstances, such as significant amendments to existing tax law, new regulations or interpretations by the taxing authorities, new information obtained during a tax examination, or resolution of an examination. We believe our estimates for uncertain tax positions are appropriate and sufficient for any assessments that may result from examinations of our tax returns. We recognize both accrued interest and penalties, where appropriate, related to UTBs in income tax expense.

Certain items are included in the Company's tax return at different times than they are reflected in the financial statements and cause temporary differences between the tax bases of assets and liabilities and their reported amounts. Such temporary differences create deferred tax assets and liabilities. Deferred tax assets are generally items that can be used as a tax deduction or credit in the tax return in future years but for which the Company has already recorded the tax benefit in the financial statements. The Company establishes valuation allowances against its deferred tax assets when the amount of expected future taxable income is not likely to support the use of the deduction or credit. Deferred tax liabilities are either: (i) tax expenses recognized in the financial statements for which payment has been deferred; (ii) expenses for which the Company has already taken a deduction on the tax return, but has not yet recognized the expense in the financial statements; or (iii) liabilities for the difference between the book basis and tax basis of the intangible assets acquired in many business combinations, as future expenses associated with these assets most often will not be tax deductible.

The Company is a vertically integrated enterprise with operations in the United States and various foreign jurisdictions. The Company is subject to income tax in the foreign jurisdictions where it conducts activities based on the tax laws and principles of such jurisdictions and the functions, risks and activities performed therein. The Company’s pretax income is therefore attributed to domestic or foreign sources based on the operations performed in each location and the tax laws and principles of the respective taxing jurisdictions. For example, the Company conducts significant operations outside the United States in Puerto Rico pertaining to manufacturing, distribution and other related functions to meet its worldwide product demand. Income from the Company’s operations in Puerto Rico is subject to a tax incentive grant that expires in 2020.

Our effective tax rate reflects the impact of undistributed foreign earnings for which no U.S. income taxes or foreign withholding taxes have been provided because such earnings are intended to be invested indefinitely outside the United States. Substantially all of this benefit is attributable to the Company’s foreign income associated with the Company’s operations conducted in Puerto Rico.

If future events, including material changes in cash, working capital and long-term investment requirements necessitate that certain assets associated with these earnings be repatriated to the United States, under current tax laws an additional tax provision and related liability would be required at the applicable income tax rates which could have a material adverse effect on both our future effective tax rate and our financial results.

Our operations are subject to the tax laws, regulations and administrative practices of the United States, U.S. state jurisdictions and other countries in which we do business. Significant changes in these rules could have a material adverse effect on the Company's results of operations. See Part I, Item 1A. Risk Factors—The adoption of new tax legislation or exposure to additional tax liabilities could affect our profitability.

*Contingencies*

In the ordinary course of business, we are involved in various legal proceedings and other matters such as intellectual property disputes, contractual disputes, governmental investigations and class action suits which are complex in nature and have outcomes that are difficult to predict. Certain of these proceedings are discussed in Part IV—Note 18, Contingencies and commitments, to the Consolidated Financial Statements. We record accruals for loss contingencies to the extent that we conclude that it is probable that a liability has been incurred and the amount of the related loss can be reasonably estimated. We consider all relevant factors when making assessments regarding these contingencies.

While it is not possible to accurately predict or determine the eventual outcomes of these items, an adverse determination in one or more of these items currently pending could have a material adverse effect on our consolidated results of operations, financial position or cash flows.

*Valuation of assets and liabilities in connection with business combinations*

We have acquired and continue to acquire intangible assets in connection with business combinations. These intangible assets consist primarily of technology associated with currently marketed human therapeutic products and IPR&D product candidates. Discounted cash flow models are typically used to determine the fair values of these intangible assets for purposes of allocating consideration paid to the net assets acquired in a business combination. These models require the use of significant estimates and assumptions, including, but not limited to:

- determining the timing and expected costs to complete in-process projects taking into account the stage of completion at the acquisition date;
- projecting the probability and timing of obtaining marketing approval from the FDA and other regulatory agencies for product candidates;
- estimating the timing of and future net cash flows from product sales resulting from completed products and in-process projects; and
- developing appropriate discount rates to calculate the present values of the cash flows.

Significant estimates and assumptions are also required to determine the acquisition date fair values of any contingent consideration obligations incurred in connection with business combinations. In addition, we must revalue these obligations each subsequent reporting period until the related contingencies are resolved and record changes in their fair values in earnings. The acquisition date fair values of various contingent consideration obligations incurred or assumed in the acquisitions of businesses (see Part IV—Note 3, Business combinations, and Note 16, Fair value measurement, to the Consolidated Financial Statements) were determined using a combination of valuation techniques. Significant estimates and assumptions required for these valuations included, but were not limited to, the probability of achieving regulatory milestones, product sales projections under various scenarios and discount rates used to calculate the present value of the required payments. These estimates and assumptions are required to be updated in order to revalue these contingent consideration obligations each reporting period. Accordingly, subsequent changes in underlying facts and circumstances could result in changes in these estimates and assumptions, which could have a material impact on the estimated future fair values of these obligations.

We believe the fair values used to record intangible assets acquired and contingent consideration obligations incurred in connection with business combinations are based upon reasonable estimates and assumptions given the facts and circumstances as of the related valuation dates.

*Impairment of long-lived assets*

We review the carrying value of our property, plant and equipment and our finite-lived intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If such circumstances exist, an estimate of undiscounted future cash flows to be generated by the long-lived asset is compared to the carrying value to determine whether an impairment exists. If an asset is determined to be impaired, the loss is measured based on the difference between the asset's fair value and its carrying value.

Indefinite-lived intangible assets, composed of IPR&D projects acquired in a business combination which have not reached technological feasibility, are reviewed annually for impairment and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. We determine impairment by comparing the fair value of the asset to its carrying value. If the asset's carrying value exceeds its fair value, an impairment charge is recorded for the difference and its carrying value is reduced accordingly.

Estimating future cash flows of an IPR&D product candidate for purposes of an impairment analysis requires us to make significant estimates and assumptions regarding the amount and timing of costs to complete the project and the amount, timing and probability of achieving revenues from the completed product similar to how the acquisition date fair value of the project was determined, as described above. There are often major risks and uncertainties associated with IPR&D projects as we are required to obtain regulatory approvals in order to be able to market these products. Such approvals require completing clinical trials that demonstrate a product candidate is safe and effective. Consequently, the eventual realized value of the acquired IPR&D project may vary from its estimated fair value at the date of acquisition, and IPR&D impairment charges may occur in future periods which could have a material adverse effect on our results of operations.

We believe our estimations of future cash flows used for assessing impairment of long-lived assets are based on reasonable assumptions given the facts and circumstances as of the related dates of the assessments.

## Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risks that may result from changes in interest rates, foreign currency exchange rates and prices of equity instruments as well as changes in general economic conditions in the countries where we conduct business. To reduce certain of these risks, we enter into various types of foreign currency and interest rate derivative hedging transactions as part of our risk management program. We do not use derivatives for speculative trading purposes.

In the discussion that follows, we have assumed a hypothetical change in interest rates of 100 basis points from those at December 31, 2014 and 2013. We have also assumed a hypothetical 20% change in foreign currency exchange rates against the U.S. dollar based on its position relative to other currencies as of December 31, 2014 and 2013.

*Interest rate sensitive financial instruments*

Our portfolio of available-for-sale interest-bearing securities at December 31, 2014 and 2013, was comprised of: U.S. Treasury securities and other government-related debt securities; corporate debt securities; residential mortgage-backed and other mortgage- and asset-backed securities; money market mutual funds; and other short-term interest-bearing securities, composed principally of commercial paper. The fair values of our investment portfolio of interest-bearing securities were $26.6 billion and $22.3 billion at December 31, 2014 and 2013, respectively. Duration is a sensitivity measure that can be used to approximate the change in the value of a security that will result from a 100 basis point change in interest rates. Applying a duration model, a hypothetical 100 basis point increase in interest rates at December 31, 2014 and 2013, would have resulted in a reduction in the fair values of these securities of approximately $700 million and $470 million, respectively, on these dates. In addition, a hypothetical 100 basis point decrease in interest rates at December 31, 2014 and 2013, would not result in a material effect on income or cash flows in the respective ensuing year.

As of December 31, 2014, we had outstanding debt with a carrying value of $30.7 billion and a fair value of $33.6 billion. As of December 31, 2013, we had outstanding debt with a carrying value of $32.1 billion and a fair value of $33.5 billion. Our outstanding debt was comprised primarily of debt with fixed interest rates as the carrying value of variable rate debt was $5.2 billion and $8.0 billion at December 31, 2014 and 2013, respectively. Changes in interest rates do not affect interest expense or cash flows on fixed-rate debt. Changes in interest rates would, however, affect the fair values of fixed-rate debt. A hypothetical 100 basis point decrease in interest rates relative to interest rates at December 31, 2014, would have resulted in an increase of approximately $2.5 billion in the aggregate fair value of our outstanding debt on this date. A hypothetical 100 basis point decrease in interest rates relative to the interest rates at December 31, 2013, would have resulted in an increase of approximately $2.2 billion in the aggregate fair value of our outstanding debt on this date. The analysis for the debt does not consider the impact that hypothetical changes in interest rates would have on the related interest rate swap contracts and cross-currency swap contracts.

To achieve a desired mix of fixed and floating interest rate debt, we entered into interest rate swap contracts during 2014 and 2013, which qualified and were designated for accounting purposes as fair value hedges, for certain of our fixed-rate debt. These derivative contracts effectively converted a fixed-rate interest coupon to a floating-rate LIBOR-based coupon over the life of the respective note. Interest rate swap contracts with notional amounts totaling $6.65 billion and $4.4 billion were outstanding at December 31, 2014 and 2013, respectively. A hypothetical 100 basis point increase in interest rates relative to interest rates at December 31, 2014 and 2013 would have resulted in reductions in fair values of approximately $350 million and $300 million, respectively, on our interest rate swap contracts on these dates and would not result in a material effect on the related income or cash flows in the respective ensuing years. The analysis for the interest rate swap contracts does not consider the impact that

hypothetical changes in interest rates would have on the related fair values of debt that these interest rate sensitive instruments were designed to offset.

As of December 31, 2014 and 2013, we had outstanding cross-currency swap contracts with aggregate notional amounts of $2.7 billion that hedge certain of our foreign currency denominated debt and related interest payments. These contracts effectively convert interest payments and principal repayment of this debt to U.S. dollars from euros/pounds sterling and are designated for accounting purposes as cash flow hedges. A hypothetical 100 basis point adverse movement in interest rates relative to interest rates at December 31, 2014 and 2013, would have resulted in reductions in the fair values of our cross-currency swap contracts of approximately $260 million and $320 million, respectively, but would have no material effect on cash flows or income in the respective ensuing year.

*Foreign currency sensitive financial instruments*

Our international operations are affected by fluctuations in the value of the U.S. dollar as compared to foreign currencies, predominantly the euro. Increases and decreases in our international product sales from movements in foreign currency exchange rates are offset partially by the corresponding increases or decreases in our international operating expenses. Increases and decreases in our foreign currency denominated assets from movements in foreign currency exchange rates are offset partially by the corresponding increases or decreases in our foreign currency denominated liabilities. To further reduce our net exposure to foreign currency exchange rate fluctuations on our results of operations, we enter into foreign currency forward, option and cross-currency swap contracts.

As of December 31, 2014, we had outstanding euro and pound sterling denominated debt with a carrying value and fair value of $3.3 billion and $3.7 billion, respectively. As of December 31, 2013, we had outstanding euro and pound sterling denominated debt with a carrying value and fair value of $3.6 billion and $3.7 billion, respectively. A hypothetical 20% adverse movement in foreign currency exchange rates compared with the U.S. dollar relative to exchange rates at December 31, 2014, would have resulted in an increase in fair value of this debt of approximately $740 million on this date and a reduction in income in the ensuing year of approximately $660 million, but would have no material effect on the related cash flows in the ensuing year. A hypothetical 20% adverse movement in foreign currency exchange rates compared with the U.S. dollar relative to exchange rates at December 31, 2013, would have resulted in an increase in fair value of this debt of approximately $750 million on this date and a reduction in income in the ensuing year of approximately $730 million, but would have no material effect on the related cash flows in the ensuing year. The analysis for this debt does not consider the offsetting impact that hypothetical changes in foreign currency exchange rates would have on the related cross-currency swap contracts which are in place for the majority of the foreign currency denominated debt.

With regard to our $2.7 billion notional amount of cross-currency swap contracts that are designated as cash flow hedges of certain of our debt denominated in euros and pound sterling as of December 31, 2014 and 2013, a hypothetical 20% adverse movement in foreign currency exchange rates compared with the U.S. dollar relative to exchange rates on these dates, would have resulted in a reduction in the fair values of these contracts of approximately $610 million and $660 million, respectively on these dates, but would have no material effect on the related cash flows in the respective ensuing years. The impact on income in the ensuing years from these contracts of this hypothetical adverse movement in foreign currency exchange rates would be fully offset by the corresponding hypothetical changes in the carrying amounts of the related hedged debt.

We enter into foreign currency forward and options contracts that are designated for accounting purposes as cash flow hedges of certain anticipated foreign currency transactions. As of December 31, 2014, we had open foreign currency forward and options contracts, primarily euro-based, with notional amounts of $3.8 billion and $271 million, respectively. As of December 31, 2013, we had open foreign currency forward and options contracts, primarily euro-based, with notional amounts of $4.0 billion and $516 million, respectively. As of December 31, 2014, the net unrealized gain on these contracts was approximately $360 million. As of December 31, 2013, the net unrealized loss on these contracts was not material. With regard to foreign currency forward and option contracts that were open at December 31, 2014, a hypothetical 20% adverse movement in foreign currency exchange rates compared with the U.S. dollar relative to exchange rates at December 31, 2014, would have resulted in a reduction in fair value of these contracts of approximately $700 million on this date and, in the ensuing year, a reduction in income and cash flows of approximately $380 million. With regard to contracts that were open at December 31, 2013, a hypothetical 20% adverse movement in foreign currency exchange rates compared with the U.S. dollar relative to exchange rates at December 31, 2013, would have resulted in a reduction in fair value of these contracts of approximately $820 million on this date and, in the ensuing year, a reduction in income and cash flows of approximately $400 million. The analysis does not consider the impact that hypothetical changes in foreign currency exchange rates would have on anticipated transactions that these foreign currency sensitive instruments were designed to offset.

As of December 31, 2014 and 2013, we had open foreign currency forward contracts with notional amounts totaling $875 million and $999 million, respectively, that hedged fluctuations of certain assets and liabilities denominated in foreign currencies but were not designated as hedges for accounting purposes. These contracts had no material net unrealized gains or losses at December 31, 2014 and 2013. With regard to these foreign currency forward contracts that were open at December 31, 2014 and 2013, a hypothetical 20% adverse movement in foreign currency exchange rates compared with the U.S. dollar relative to exchange rates on these dates would have resulted in a reduction of approximately $80 million and $160 million, respectively, in the fair value of these contracts on this date, but would not result in a material effect on income or cash flows in the respective ensuing year. The analysis does not consider the impact that hypothetical changes in foreign currency exchange rates would have on assets and liabilities that these foreign currency sensitive instruments were designed to offset.

*Market price sensitive financial instruments*

As of December 31, 2014 and 2013, we were also exposed to price risk on equity securities included in our portfolio of investments, which were acquired primarily for the promotion of business and strategic objectives. These investments are generally in small capitalization stocks in the biotechnology industry sector. Price risk relative to our equity investment portfolio as of December 31, 2014 and 2013, was not material.

*Counterparty credit risks*

Our financial instruments, including derivatives, are subject to counterparty credit risk which we consider as part of the overall fair value measurement. Our financial risk management policy limits derivative transactions by requiring transactions to be with institutions with minimum credit ratings of A- or equivalent by S&P, Moody's or Fitch and requires placing exposure limits on the amount with any individual counterparty. In addition, we have an investment policy that limits investments to certain types of debt and money market instruments issued by institutions primarily with investment grade credit ratings and places restriction on maturities and concentrations by asset class and issuer.

## Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The information required by this item is incorporated herein by reference to the financial statements and schedule listed in Item 15(a)1 and (a)2 of Part IV and included in this Annual Report on Form 10-K.

## Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURES

None.

## Item 9A. CONTROLS AND PROCEDURES

We maintain “disclosure controls and procedures,” as such term is defined under Exchange Act Rule 13a-15(e), that are designed to ensure that information required to be disclosed in Amgen’s Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to Amgen’s management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures. In designing and evaluating the disclosure controls and procedures, Amgen’s management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives and in reaching a reasonable level of assurance Amgen’s management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. We have carried out an evaluation under the supervision and with the participation of our management, including Amgen’s Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of Amgen’s disclosure controls and procedures. Based upon their evaluation and subject to the foregoing, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of December 31, 2014.

Management determined that, as of December 31, 2014, there were no changes in our internal control over financial reporting that occurred during the fiscal quarter then ended that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**Management’s Report on Internal Control over Financial Reporting**

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) under the Securities Exchange Act of 1934. The Company’s internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles in the United States. However, all internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and reporting.

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2014. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated Framework (2013 framework). Based on our assessment, management believes that the Company maintained effective internal control over financial reporting as of December 31, 2014, based on the COSO criteria.

The effectiveness of the Company's internal control over financial reporting has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their attestation report appearing below, which expresses an unqualified opinion on the effectiveness of the Company's internal control over financial reporting as of December 31, 2014.

**Report of Independent Registered Public Accounting Firm**

**The Board of Directors and Stockholders of Amgen Inc.**

We have audited Amgen Inc.'s (the "Company") internal control over financial reporting as of December 31, 2014, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the "COSO criteria"). Amgen Inc.'s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Amgen Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2014, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Consolidated Balance Sheets as of December 31, 2014 and 2013, and the related Consolidated Statements of Income, Comprehensive Income, Stockholders' Equity and Cash Flows for each of the three years in the period ended December 31, 2014 of Amgen Inc. and our report dated February 19, 2015 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Los Angeles, California
February 19, 2015

**Item 9B. OTHER INFORMATION**

Not applicable.

## PART III

### Item 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE OF THE REGISTRANT

Information about our Directors is incorporated by reference from the section entitled ITEM 1 — ELECTION OF DIRECTORS in our Proxy Statement for the 2015 Annual Meeting of Stockholders to be filed with the SEC within 120 days of December 31, 2014 (the Proxy Statement). Information about compliance with Section 16(a) of the Securities Exchange Act of 1934 is incorporated by reference from the section entitled OTHER MATTERS — Section 16(a) Beneficial Ownership Reporting Compliance in our Proxy Statement. Information about the procedures by which stockholders may recommend nominees for the Board of Directors is incorporated by reference from Appendix A — AMGEN INC. BOARD OF DIRECTORS GUIDELINES FOR DIRECTOR QUALIFICATIONS AND EVALUATIONS in our Proxy Statement. Information about our Audit Committee, members of the committee and our Audit Committee financial experts is incorporated by reference from the section entitled CORPORATE GOVERNANCE — Board Committees and Charters — Audit Committee in our Proxy Statement. Information about our executive officers is contained in the discussion entitled Item 1. Business — Executive Officers of the Registrant.

**Code of Ethics**

We maintain a code of ethics applicable to our principal executive officer, principal financial officer, principal accounting officer or controller, and other persons performing similar functions. To view this code of ethics free of charge, please visit our website at www.amgen.com (This website address is not intended to function as a hyperlink, and the information contained in our website is not intended to be a part of this filing). We intend to satisfy the disclosure requirements under Item 5.05 of Form 8-K regarding an amendment to, or waiver from, a provision of this code of ethics, if any, by posting such information on our website as set forth above.

### Item 11. EXECUTIVE COMPENSATION

Information about director and executive compensation is incorporated by reference from the section entitled EXECUTIVE COMPENSATION in our Proxy Statement. Information about compensation committee matters is incorporated by reference from the sections entitled CORPORATE GOVERNANCE — Board Committees and Charters — Compensation and Management Development Committee and CORPORATE GOVERNANCE — Compensation Committee Report in our Proxy Statement.

## Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

**Securities Authorized for Issuance Under Existing Equity Compensation Plans**

The following table sets forth certain information as of December 31, 2014, concerning the shares of our Common Stock that may be issued under any form of award granted under our equity compensation plans in effect as of December 31, 2014 (including upon the exercise of options, the vesting of awards of restricted stock units, or RSUs, or when performance units are earned, and related dividend equivalents have been granted).

| Plan Category | (a) Number of Securities to be Issued Upon Exercise of Outstanding Options and Rights | (b) Weighted Average Exercise Price Outstanding Options and Rights | (c) Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) |
|---|---|---|---|
| ***Equity compensation plans approved by Amgen security holders:*** | | | |
| Amended and Restated 2009 Equity Incentive Plan[1] | 16,045,767 | $ 57.37 | 51,960,037 |
| Amended and Restated 1991 Equity Incentive Plan[2] | 1,201,310 | $ 48.50 | — |
| Amended and Restated Employee Stock Purchase Plan | — | — | 5,205,930 |
| **Total Approved Plans** | 17,247,077 | $ 54.76 | 57,165,967 |
| ***Equity compensation plans not approved by Amgen security holders:*** | | | |
| Amended and Restated 1999 Equity Incentive Plan[3] | 123,406 | $ 46.12 | — |
| Amended and Restated 1999 Incentive Stock Plan[4] | 10,077 | $ 51.75 | — |
| Amended and Restated Assumed Avidia Incentive Equity Plan[5] | 1,328 | $ 1.91 | — |
| Amgen Profit Sharing Plan for Employees in Ireland[6] | — | — | 143,220 |
| **Total Unapproved Plans** | 134,811 | $ 46.10 | 143,220 |
| **Total All Plans** | 17,381,888 | $ 54.48 | 57,309,187 |

(1) The Amended and Restated 2009 Equity Incentive Plan employs a fungible share counting formula for determining the number of shares available for issuance under the plan. In accordance with this formula, each option or stock appreciation right counts as one share, while each restricted stock unit, performance unit or dividend equivalent counts as 1.9 shares. The number under column (a) represents the actual number of shares issuable under our outstanding awards without giving effect to the fungible share counting formula. The number under column (c) represents the number of shares available for issuance under this plan based on each such available share counting as one share. Commencing with the grants made in April 2012, RSUs and performance units accrue dividend equivalents that are payable in shares only to the extent and when the underlying RSUs vest or underlying performance units have been earned and the related shares are issued to the grantee. The performance units granted under this plan are earned based on the accomplishment of specified performance goals at the end of their respective three-year performance periods; the number of performance units granted represent target performance and the maximum number of units that could be earned based on our performance is 150% of the performance units granted.

The number of outstanding awards under column (a) includes, as of December 31, 2014, (i) 2,817,801 shares issuable upon the exercise of outstanding options with a weighted-average exercise price of approximately $57.37, (ii) 7,364,475 shares issuable upon the vesting of outstanding RSUs (including 199,755 related dividend equivalents), and (iii) 5,863,491 shares subject to outstanding 2012, 2013 and 2014 performance units (including 198,247 related dividend equivalents). The weighted average exercise price shown in column (b) is for the outstanding options only. The number of available shares under column (c) represents the number of shares that remain available for future issuance under this plan as of December 31, 2014 employing the fungible share formula and presumes the issuance of target shares under the performance units granted in 2012, 2013 and 2014 and related dividend equivalents. The numbers under columns (a) and (c) do not give effect to the additional shares that

could be issuable in the event above target on the performance goals under these outstanding performance units are achieved. Maximum performance under these goals could result in 150% of target shares being awarded.

(2) This plan has terminated as to future grants. The number under column (a) with respect to this plan includes 28,583 shares issuable upon the vesting of outstanding RSUs (including 1,768 related dividend equivalents), which are not included in calculating the weighted average exercise price in column (b).

(3) This plan has terminated as to future grants. This plan was originally assumed pursuant to the terms of the merger agreement between Amgen and Immunex which was approved by our stockholders in May 2002. This plan was previously approved by Immunex's shareholders.

(4) This plan has terminated as to future grants. This plan was originally assumed by Amgen in connection with the merger of Abgenix with and into Amgen Fremont Inc., a wholly owned subsidiary of Amgen, on April 1, 2006. The number under column (a) with respect to this plan includes 57 shares issuable upon the vesting of outstanding RSUs, which are not included in calculating the weighted average exercise price in column (b).

(5) This plan has terminated as to future grants. This plan was originally assumed by Amgen in connection with the merger of Avidia, Inc. with and into Amgen Mountain View Inc., a wholly owned subsidiary of Amgen, on October 24, 2006.

(6) The Amgen Profit Sharing Plan for Employees in Ireland (the Profit Sharing Plan) was approved by the Board of Directors on July 28, 2011. The Profit Sharing Plan permits eligible employees of the Company's subsidiaries located in Ireland, which participate in the Profit Sharing Plan, to apply a portion of their qualifying bonus and salary to the purchase the Company's Common Stock on the open market at the market price by a third-party trustee as described in the Profit Sharing Plan.

**Security Ownership of Directors and Executive Officers and Certain Beneficial Owners**

Information about security ownership of certain beneficial owners and management is incorporated by reference from the sections entitled SECURITY OWNERSHIP OF DIRECTORS AND EXECUTIVE OFFICERS and SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS in our Proxy Statement.

## Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

Information about certain relationships and related transactions and director independence is incorporated by reference from the sections entitled CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS and CORPORATE GOVERNANCE — Board Independence in our Proxy Statement.

## Item 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Information about the fees for professional services rendered by our independent registered public accountants is incorporated by reference from the section entitled AUDIT MATTERS — Independent Registered Public Accountants in our Proxy Statement.

## PART IV

### Item 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

*(a)1. Index to Financial Statements*

The following Consolidated Financial Statements are included herein:



*(a)2. Index to Financial Statement Schedules*

The following Schedule is filed as part of this Annual Report on Form 10-K:



All other schedules are omitted because they are not applicable, not required or because the required information is included in the consolidated financial statements or notes thereto.

*(a)3. Exhibits*

| Exhibit No. | Description |
|---|---|
| 3.1 | Restated Certificate of Incorporation of Amgen Inc. (As Restated March 6, 2013.) (Filed as an exhibit to Form 10-Q for the quarter ended March 31, 2013 on May 3, 2013 and incorporated herein by reference.) |
| 3.2 | Amended and Restated Bylaws of Amgen Inc. (As Amended and Restated March 6, 2013). (Filed as an exhibit to Form 8-K on March 6, 2013 and incorporated herein by reference.) |
| 3.3 | First Amendment to the Amended and Restated Bylaws of Amgen Inc. (As Amended and Restated March 6, 2013). (Filed as an exhibit to Form 8-K on October 16, 2013 and incorporated herein by reference.) |
| 4.1 | Form of stock certificate for the common stock, par value $.0001 of the Company. (Filed as an exhibit to Form 10-Q for the quarter ended March 31, 1997 on May 13, 1997 and incorporated herein by reference.) |
| 4.2 | Form of Indenture, dated January 1, 1992. (Filed as an exhibit to Form S-3 Registration Statement filed on December 19, 1991 and incorporated herein by reference.) |
| 4.3 | Agreement of Resignation, Appointment and Acceptance dated February 15, 2008. (Filed as an exhibit to Form 10-K for the year ended December 31, 2007 on February 28, 2008 and incorporated herein by reference.) |
| 4.4 | First Supplemental Indenture, dated February 26, 1997. (Filed as an exhibit to Form 8-K on March 14, 1997 and incorporated herein by reference.) |
| 4.5 | 8-1/8% Debentures due April 1, 2097. (Filed as an exhibit to Form 8-K on April 8, 1997 and incorporated herein by reference.) |

| Exhibit No. | Description |
|---|---|
| 4.6 | Officer's Certificate of Amgen Inc., dated January 1, 1992, as supplemented by the First Supplemental Indenture, dated February 26, 1997, establishing a series of securities entitled "8 1/8% Debentures due April 1, 2097." (Filed as an exhibit to Form 8-K on April 8, 1997 and incorporated herein by reference.) |
| 4.7 | Indenture, dated August 4, 2003. (Filed as an exhibit to Form S-3 Registration Statement on August 4, 2003 and incorporated herein by reference.) |
| 4.8 | Corporate Commercial Paper - Master Note between and among Amgen Inc., as Issuer, Cede & Co., as Nominee of The Depository Trust Company, and Citibank, N.A., as Paying Agent. (Filed as an exhibit to Form 10-Q for the quarter ended March 31, 1998 on May 13, 1998 and incorporated herein by reference.) |
| 4.9 | Officers' Certificate of Amgen Inc., dated May 30, 2007, including forms of the Company's Senior Floating Rate Notes due 2008, 5.85% Senior Notes due 2017 and 6.375% Senior Notes due 2037. (Filed as an exhibit to Form 8-K on May 30, 2007 and incorporated herein by reference.) |
| 4.10 | Officers' Certificate of Amgen Inc., dated May 23, 2008, including forms of the Company's 6.15% Senior Notes due 2018 and 6.90% Senior Notes due 2038. (Filed as exhibit to Form 8-K on May 23, 2009 and incorporated herein by reference.) |
| 4.11 | Officers' Certificate of Amgen Inc., dated January 16, 2009, including forms of the Company's 5.70% Senior Notes due 2019 and 6.40% Senior Notes due 2039. (Filed as exhibit to Form 8-K on January 16, 2009 and incorporated herein by reference.) |
| 4.12 | Officers' Certificate of Amgen Inc., dated March 12, 2010, including forms of the Company's 4.50% Senior Notes due 2020 and 5.75% Senior Notes due 2040. (Filed as exhibit to Form 8-K on March 15, 2010 and incorporated herein by reference.) |
| 4.13 | Officers' Certificate of Amgen Inc., dated September 16, 2010, including forms of the Company's 3.45% Senior Notes due 2020 and 4.95% Senior Notes due 2041. (Filed as an exhibit to Form 8-K on September 17, 2010 and incorporated herein by reference.) |
| 4.14 | Officers' Certificate of Amgen Inc., dated June 30, 2011, including forms of the Company's 2.30% Senior Notes due 2016, 4.10% Senior Notes due 2021 and 5.65% Senior Notes due 2042. (Filed as an exhibit to Form 8-K on June 30, 2011 and incorporated herein by reference.) |
| 4.15 | Officers' Certificate of Amgen Inc., dated November 10, 2011, including forms of the Company's 1.875% Senior Notes due 2014, 2.50% Senior Notes due 2016, 3.875% Senior Notes due 2021 and 5.15% Senior Notes due 2041. (Filed as an exhibit to Form 8-K on November 10, 2011 and incorporated herein by reference.) |
| 4.16 | Officers' Certificate of Amgen Inc., dated December 5, 2011, including forms of the Company's 4.375% Senior Notes due 2018 and 5.50% Senior Notes due 2026. (Filed as an exhibit to Form 8-K on December 5, 2011 and incorporated herein by reference.) |
| 4.17 | Officers' Certificate of Amgen Inc., dated May 15, 2012, including forms of the Company's 2.125% Senior Notes due 2017, 3.625% Senior Notes due 2022 and 5.375% Senior Notes due 2043. (Filed as an exhibit to Form 8-K on May 15, 2012 and incorporated herein by reference.) |
| 4.18 | Officers' Certificate of Amgen Inc., dated September 13, 2012, including forms of the Company's 2.125% Senior Notes due 2019 and 4.000% Senior Notes due 2029. (Filed as an exhibit to Form 8-K on September 13, 2012 and incorporated herein by reference.) |
| 4.19 | Indenture, dated May 22, 2014, between Amgen Inc. and The Bank of New York Mellon Trust Company, N.A., as Trustee. (Filed as an exhibit to Form 8-K on May 22, 2014 and incorporated herein by reference.) |
| 4.20 | Officers' Certificate of Amgen Inc., dated May 22, 2014, including forms of the Company's Senior Floating Rate Notes due 2017, Senior Floating Rate Notes due 2019, 1.250% Senior Notes due 2017, 2.200% Senior Notes due 2019 and 3.625% Senior Notes due 2024. (Filed as an exhibit to Form 8-K on May 22, 2014 and incorporated herein by reference.) |
| 10.1+ | Amgen Inc. Amended and Restated 2009 Equity Incentive Plan. (Filed as Appendix C to the Definitive Proxy Statement on Schedule 14A on April 8, 2013 and incorporated herein by reference.) |
| 10.2+ | Form of Stock Option Agreement for the Amgen Inc. Amended and Restated 2009 Equity Incentive Plan. (As Amended on March 6, 2013.) (Filed as an exhibit to Form 10-Q for the quarter ended March 31, 2013 on May 3, 2013 and incorporated herein by reference.) |

| Exhibit No. | Description |
|---|---|
| 10.3+* | Form of Restricted Stock Unit Agreement for the Amgen Inc. Amended and Restated 2009 Equity Incentive Plan. (As Amended on December 17, 2014.) |
| 10.4+ | Amgen Inc. 2009 Performance Award Program. (As Amended on December 13, 2013.) (Filed as an exhibit to Form 10-K for the year ended December 31, 2013 on February 24, 2014 and incorporated herein by reference.) |
| 10.5+* | Form of Performance Unit Agreement for the Amgen Inc. 2009 Performance Award Program. (As Amended on December 17, 2014.) |
| 10.6+ | Amgen Inc. 2009 Director Equity Incentive Program. (As Amended on March 6, 2013.) (Filed as an exhibit to Form 10-Q for the quarter ended March 31, 2013 on May 3, 2013 and incorporated herein by reference.) |
| 10.7+ | Form of Grant of Non-Qualified Stock Option Agreement for the Amgen Inc. 2009 Director Equity Incentive Program. (Filed as an exhibit to Form 8-K on May 8, 2009 and incorporated herein by reference.) |
| 10.8+ | Form of Restricted Stock Unit Agreement for the Amgen Inc. 2009 Director Equity Incentive Program. (As Amended on March 6, 2013.) (Filed as an exhibit to Form 10-Q for the quarter ended March 31, 2013 on May 3, 2013 and incorporated herein by reference.) |
| 10.9+ | Amgen Inc. Supplemental Retirement Plan. (As Amended and Restated effective October 16, 2013.) (Filed as an exhibit to Form 10-K for the year ended December 31, 2013 on February 24, 2014 and incorporated herein by reference.) |
| 10.10+ | Amended and Restated Amgen Change of Control Severance Plan. (As Amended and Restated effective December 9, 2010 and subsequently amended effective March 2, 2011.) (Filed as an exhibit to Form 10-Q for the quarter ended March 31, 2011 on May 10, 2011 and incorporated herein by reference.) |
| 10.11+ | Amgen Inc. Executive Incentive Plan. (As Amended and Restated effective January 1, 2009.) (Filed as an exhibit to Form 10-Q for the quarter ended September 30, 2008 on November 7, 2008 and incorporated herein by reference.) |
| 10.12+ | First Amendment to the Amgen Inc. Executive Incentive Plan, effective December 13, 2012. (Filed as an exhibit to Form 10-K for the year ended December 31, 2012 on February 27, 2013 and incorporated herein by reference.) |
| 10.13+ | Amgen Inc. Executive Nonqualified Retirement Plan. (As Amended and Restated effective January 1, 2009.) (Filed as an exhibit to Form 10-Q for the quarter ended September 30, 2008 on November 7, 2008 and incorporated herein by reference.) |
| 10.14+ | First Amendment to the Amgen Inc. Executive Nonqualified Retirement Plan, effective July 21, 2010. (Filed as an exhibit to Form 10-Q for the quarter ended June 30, 2010 on August 9, 2010 and incorporated herein by reference.) |
| 10.15+ | Amgen Nonqualified Deferred Compensation Plan. (As Amended and Restated effective October 16, 2013.) (Filed as an exhibit to Form 10-K for the year ended December 31, 2013 on February 24, 2014 and incorporated herein by reference.) |
| 10.16+ | Agreement between Amgen Inc. and Mr. Anthony C. Hooper, dated October 12, 2011. (Filed as an exhibit to Form 10-K for the year ended December 31, 2011 on February 29, 2012 and incorporated herein by reference.) |
| 10.17+ | Agreement and General Release of Claims, entered into January 9, 2014, by and between Amgen Inc. and Jonathan M. Peacock. (Filed as an exhibit to Form 10-K for the year ended December 31, 2013 on February 24, 2014 and incorporated herein by reference.) |
| 10.18+ | Agreement between Amgen Inc. and David W. Meline, effective July 21, 2014. (Filed as an exhibit to Form 10-Q for the quarter ended September 30, 2014 on October 29, 2014 and incorporated herein by reference.) |
| 10.19 | Shareholders' Agreement, dated May 11, 1984, among Amgen, Kirin Brewery Company, Limited and Kirin-Amgen, Inc. (Filed as an exhibit to Form 10-K for the year ended December 31, 2000 on March 7, 2001 and incorporated herein by reference.) |
| 10.20 | Amendment No. 1 dated March 19, 1985, Amendment No. 2 dated July 29, 1985 (effective July 1, 1985), and Amendment No. 3, dated December 19, 1985, to the Shareholders' Agreement dated May 11, 1984. (Filed as an exhibit to Form 10-Q for the quarter ended June 30, 2000 on August 1, 2000 and incorporated herein by reference.) |

| Exhibit No. | Description |
|---|---|
| 10.21 | Amendment No. 4 dated October 16, 1986 (effective July 1, 1986), Amendment No. 5 dated December 6, 1986 (effective July 1, 1986), Amendment No. 6 dated June 1, 1987, Amendment No. 7 dated July 17, 1987 (effective April 1, 1987), Amendment No. 8 dated May 28, 1993 (effective November 13, 1990), Amendment No. 9 dated December 9, 1994 (effective June 14, 1994), Amendment No. 10 effective March 1, 1996, and Amendment No. 11 effective March 20, 2000 to the Shareholders' Agreement, dated May 11, 1984. (Filed as exhibits to Form 10-K for the year ended December 31, 2000 on March 7, 2001 and incorporated herein by reference.) |
| 10.22 | Amendment No. 12 to the Shareholders' Agreement, dated January 31, 2001. (Filed as an exhibit to Form 10-Q for the quarter ended June 30, 2005 on August 8, 2005 and incorporated herein by reference.) |
| 10.23 | Amendment No. 13 to the Shareholders' Agreement, dated June 28, 2007 (portions of the exhibit have been omitted pursuant to a request for confidential treatment). (Filed as an exhibit to Form 10-Q for the quarter ended June 30, 2007 on August 9, 2007 and incorporated herein by reference.) |
| 10.24 | Amendment No. 14 to the Shareholders' Agreement, dated March 26, 2014. (Filed as an exhibit to Form 10-Q for the quarter ended March 31, 2014 on April 30, 2014 and incorporated herein by reference.) |
| 10.25 | Assignment and License Agreement, dated October 16, 1986 (effective July 1, 1986), between Amgen and Kirin-Amgen, Inc. (Filed as an exhibit to Form 10-K for the year ended December 31, 2000 on March 7, 2001 and incorporated herein by reference.) |
| 10.26 | G-CSF United States License Agreement, dated June 1, 1987 (effective July 1, 1986), Amendment No. 1, dated October 20, 1988, and Amendment No. 2, dated October 17, 1991 (effective November 13, 1990), between Kirin-Amgen, Inc. and Amgen Inc. (Filed as exhibits to Form 10-K for the year ended December 31, 2000 on March 7, 2001 and incorporated herein by reference.) |
| 10.27 | G-CSF European License Agreement, dated December 30, 1986, between Kirin-Amgen and Amgen, Amendment No. 1 to Kirin-Amgen, Inc. / Amgen G-CSF European License Agreement, dated June 1, 1987, Amendment No. 2 to Kirin-Amgen, Inc. / Amgen G-CSF European License Agreement, dated March 15, 1998, Amendment No. 3 to Kirin-Amgen, Inc. / Amgen G-CSF European License Agreement, dated October 20, 1988, and Amendment No. 4 to Kirin-Amgen, Inc. / Amgen G-CSF European License Agreement, dated December 29, 1989, between Kirin-Amgen, Inc. and Amgen Inc. (Filed as exhibits to Form 10-K for the year ended December 31, 2000 on March 7, 2001 and incorporated herein by reference.) |
| 10.28 | Amended and Restated Promotion Agreement, dated December 16, 2001, by and among Immunex Corporation, American Home Products Corporation and Amgen Inc. (portions of the exhibit have been omitted pursuant to a request for confidential treatment). (Filed as an exhibit to Amendment No. 1 to Form S-4 Registration Statement on March 22, 2002 and incorporated herein by reference.) |
| 10.29 | Description of Amendment No. 1 to Amended and Restated Promotion Agreement, effective July 8, 2003, among Wyeth, Amgen Inc. and Immunex Corporation (portions of the exhibit have been omitted pursuant to a request for confidential treatment). (Filed as an exhibit to Form 10-K for the year ended December 31, 2003 on March 11, 2004 and incorporated herein by reference.) |
| 10.30 | Description of Amendment No. 2 to Amended and Restated Promotion Agreement, effective April 20, 2004, by and among Wyeth, Amgen Inc. and Immunex Corporation. (Filed as an exhibit to Amendment No. 1 to Form S-4 Registration Statement on June 29, 2004 and incorporated herein by reference.) |
| 10.31 | Amendment No. 3 to Amended and Restated Promotion Agreement, effective January 1, 2005, by and among Wyeth, Amgen Inc. and Immunex Corporation (portions of the exhibit have been omitted pursuant to a request for confidential treatment). (Filed as an exhibit to Form 10-Q for the quarter ended March 31, 2005 on May 4, 2005 and incorporated herein by reference.) |
| 10.32 | Amended and Restated Credit Agreement, dated July 30, 2014, among Amgen Inc., the Banks therein named, Citibank, N.A., as administrative agent, and JPMorgan Chase Bank, N.A., as syndication agent (Filed as an exhibit to Form 8-K on July 30, 2014 and incorporated herein by reference.) |
| 10.33 | Collaboration and License Agreement between Amgen Inc. and Celltech R&D Limited dated May 10, 2002 (portions of the exhibit have been omitted pursuant to a request for confidential treatment) and Amendment No. 1, effective June 9, 2003, to Collaboration and License Agreement between Amgen Inc. and Celltech R&D Limited (portions of the exhibit have been omitted pursuant to a request for confidential treatment). (Filed as an exhibit to Form 10-K/A for the year ended December 31, 2012 on July 31, 2013 and incorporated herein by reference.) |

| Exhibit No. | Description |
|---|---|
| 10.34 | Sourcing and Supply Agreement, dated November 15, 2011, by and between Amgen USA Inc, a wholly owned subsidiary of Amgen Inc., and DaVita Inc. (portions of the exhibit have been omitted pursuant to a request for confidential treatment). (Filed as an exhibit to Form 10-K for the year ended December 31, 2011 on February 29, 2012 and incorporated herein by reference.) |
| 10.35 | Amendment Number 1 to Sourcing and Supply Agreement, effective January 1, 2013, by and between Amgen USA Inc., a wholly owned subsidiary of Amgen Inc., and DaVita Healthcare Partners Inc. f/k/a DaVita Inc. (portions of the exhibit have been omitted pursuant to a request for confidential treatment). (Filed as an exhibit to Form 10-K for the year ended December 31, 2012 on February 27, 2013 and incorporated herein by reference.) |
| 10.36 | Collaboration Agreement dated March 30, 2012 by and between Amgen Inc. and AstraZeneca Collaboration Ventures, LLC, a wholly owned subsidiary of AstraZeneca Pharmaceuticals LP (portions of the exhibit have been omitted pursuant to a request for confidential treatment). (Filed as an exhibit to Form 10-Q for the quarter ended March 31, 2012 on May 8, 2012 and incorporated herein by reference.) |
| 10.37* | Amendment No. 1 to Collaboration Agreement, dated October 1, 2014, by and among Amgen Inc., AstraZeneca Collaboration Ventures, LLC and AstraZeneca Pharmaceuticals LP (portions of the exhibit have been omitted pursuant to a request for confidential treatment). |
| 10.38 | Collaboration Agreement, dated April 22, 1994, by and between Bayer Corporation (formerly Miles, Inc.) and Onyx Pharmaceuticals, Inc. (Filed as an exhibit to Form 10-Q for the quarter ended March 31, 2011 by Onyx Pharmaceuticals, Inc. on May 10, 2011 and incorporated herein by reference.) |
| 10.39 | Amendment to Collaboration Agreement, dated April 24, 1996, by and between Bayer Corporation and Onyx Pharmaceuticals, Inc. (Filed as an exhibit to Form 10-Q for the quarter ended March 31, 2006 by Onyx Pharmaceuticals, Inc. on May 10, 2006 and incorporated herein by reference.) |
| 10.40 | Amendment to Collaboration Agreement, dated February 1, 1999, by and between Bayer Corporation and Onyx Pharmaceuticals, Inc. (Filed as an exhibit to Form 10-Q for the quarter ended March 31, 2006 by Onyx Pharmaceuticals, Inc. on May 10, 2006 and incorporated herein by reference.) |
| 10.41 | United States Co-Promotion Agreement, dated March 6, 2006, by and between Bayer Pharmaceuticals Corporation and Onyx Pharmaceuticals, Inc. (Filed as an exhibit to Form 10-Q for the quarter ended March 31, 2006 by Onyx Pharmaceuticals, Inc. on May 10, 2006 and incorporated herein by reference.) |
| 10.42 | Settlement Agreement and Release, dated October 11, 2011, by and between Bayer Corporation, Bayer AG, Bayer HealthCare LLC and Bayer Pharma AG and Onyx Pharmaceuticals, Inc. (Filed as an exhibit to Form 10-K for the year ended December 31, 2011 by Onyx Pharmaceuticals, Inc. on February 27, 2012 and incorporated herein by reference.) |
| 10.43 | Fourth Amendment to Collaboration Agreement, dated October 11, 2011, by and between Bayer Corporation and Onyx Pharmaceuticals, Inc. (Filed as an exhibit to Form 10-K for the year ended December 31, 2011 by Onyx Pharmaceuticals, Inc. on February 27, 2012 and incorporated herein by reference.) |
| 10.44 | Commitment Letter, dated August 24, 2013, among Amgen Inc., Bank of America, N.A., Merrill Lynch, Pierce, Fenner & Smith Incorporated, JPMorgan Chase Bank, N.A., J.P. Morgan Securities LLC and Barclays Bank PLC. (Filed as an exhibit to Form 8-K on August 26, 2013 and incorporated herein by reference.) |
| 10.45 | Master Repurchase Agreement, dated August 24, 2013, between Amgen Inc. and Bank of America, N.A. (Filed as an exhibit to Form 8-K on August 26, 2013 and incorporated herein by reference.) |
| 10.46 | Master Repurchase Agreement, dated October 28, 2013, between Amgen Inc. and SMBC Repo Pass-Thru Trust, 2013-1. (Filed as an exhibit to Form 10-Q for the quarter ended September 30, 2013 on October 29, 2013 and incorporated herein by reference.) |
| 10.47 | Master Repurchase Agreement, dated October 29, 2013, between Amgen Inc. and HSBC Bank USA, N.A. (Filed as an exhibit to Form 10-Q for the quarter ended September 30, 2013 on October 29, 2013 and incorporated herein by reference.) |
| 10.48 | Term Loan Facility Credit Agreement, dated September 20, 2013, among Amgen Inc., the Banks therein named, Bank of America, N.A., as Administrative Agent, and Barclays Bank PLC and JPMorgan Chase Bank, N.A., as Syndication Agents. (Filed as an exhibit to Form 8-K on September 20, 2013 and incorporated herein by reference.) |
| 21* | Subsidiaries of the Company. |

| Exhibit No. | Description |
|---|---|
| 23 | Consent of the Independent Registered Public Accounting Firm. The consent is set forth on page 74 of this Annual Report on Form 10-K. |
| 24 | Power of Attorney. The Power of Attorney is set forth on page 75 of this Annual Report on Form 10-K. |
| 31* | Rule 13a-14(a) Certifications. |
| 32** | Section 1350 Certifications. |
| 101.INS* | XBRL Instance Document. |
| 101.SCH* | XBRL Taxonomy Extension Schema Document. |
| 101.CAL* | XBRL Taxonomy Extension Calculation Linkbase Document. |
| 101.DEF* | XBRL Taxonomy Extension Definition Linkbase Document. |
| 101.LAB* | XBRL Taxonomy Extension Label Linkbase Document. |
| 101.PRE* | XBRL Taxonomy Extension Presentation Linkbase Document. |

(* = filed herewith)
(** = furnished herewith and not "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended)
(+ = management contract or compensatory plan or arrangement)

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Annual Report to be signed on its behalf by the undersigned, thereunto duly authorized.

AMGEN INC.
(Registrant)

Date: February 19, 2015

By: /s/ DAVID W. MELINE

**David W. Meline**

**Executive Vice President and Chief Financial Officer**

**EXHIBIT 23**

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We consent to the incorporation by reference in the following Registration Statements:

- Registration Statement (Form S-8 No. 333-159377) pertaining to the Amgen Inc. 2009 Equity Incentive Plan;
- Registration Statement (Form S-8 No. 33-39183) pertaining to the Amended and Restated Employee Stock Purchase Plan;
- Registration Statements (Form S-8 No. 33-39104, as amended by Form S-8 No. 333-144581) pertaining to the Amended and Restated Amgen Retirement and Savings Plan (formerly known as the Amgen Retirement and Savings Plan);
- Registration Statements (Form S-8 Nos. 33-42072 and 333-144579) pertaining to the Amgen Inc. Amended and Restated 1991 Equity Incentive Plan;
- Registration Statements (Form S-8 Nos. 33-47605 and 333-144580) pertaining to the Retirement and Savings Plan for Amgen Manufacturing, Limited (formerly known as the Retirement and Savings Plan for Amgen Manufacturing, Inc.);
- Registration Statements (Form S-8 Nos. 333-81284 and 333-177868) pertaining to the Amgen Nonqualified Deferred Compensation Plan;
- Registration Statements (Form S-8 No. 333-92424 and Amendment No. 1 thereto) pertaining to the Amgen Inc. Amended and Restated 1999 Equity Incentive Plan (formerly known as the Immunex Corporation 1999 Stock Option Plan);
- Registration Statements (Form S-8 Nos. 333-132932 and 333-133002) pertaining to the Amgen Inc. Amended and Restated 1999 Incentive Stock Plan (formerly known as Abgenix, Inc. 1999 Nonstatutory Stock Option Plan, as amended and restated);
- Registration Statement (Form S-8 No. 333-138325) pertaining to the Amgen Inc. Amended and Restated Assumed Avidia Equity Incentive Plan (formerly known as the Avidia, Inc. Amended and Restated 2003 Equity Incentive Plan);
- Registration Statement (Form S-3 No. 333-194103) relating to debt securities, common stock, preferred stock, warrants to purchase debt securities, common stock, preferred stock or depositary shares, rights to purchase common stock or preferred stock, securities purchase contracts, securities purchase units and depositary shares of Amgen Inc. and in the related Prospectus; and
- Registration Statement (Form S-8 No. 333-176240) pertaining to the Amgen Profit Sharing Plan for Employees in Ireland;

of our reports dated February 19, 2015, with respect to the consolidated financial statements and schedule of Amgen Inc. and the effectiveness of internal control over financial reporting of Amgen Inc. included in this Annual Report (Form 10-K) of Amgen Inc. for the year ended December 31, 2014.

/s/ Ernst & Young LLP

Los Angeles, California
February 19, 2015

**EXHIBIT 24**

**POWER OF ATTORNEY**

KNOW ALL MEN AND WOMEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints David W. Meline, his or her attorney-in-fact, with the power of substitution, for him or her in any and all capacities, to sign any amendments to this Report, and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming that said attorney-in-fact, or his or her substitute or substitutes, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

| Signature | Title | Date |
|---|---|---|
| /S/ ROBERT A. BRADWAY<br>**Robert A. Bradway** | Chairman of the Board, Chief Executive Officer and President, and Director (Principal Executive Officer) | 2/19/2015 |
| /S/ DAVID W. MELINE<br>**David W. Meline** | Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer) | 2/19/2015 |
| /S/ DAVID BALTIMORE<br>**David Baltimore** | Director | 2/19/2015 |
| /S/ FRANK J. BIONDI, JR.<br>**Frank J. Biondi, Jr.** | Director | 2/19/2015 |
| /S/ FRANÇOIS DE CARBONNEL<br>**François de Carbonnel** | Director | 2/19/2015 |
| /S/ VANCE D. COFFMAN<br>**Vance D. Coffman** | Director | 2/19/2015 |
| /S/ ROBERT A. ECKERT<br>**Robert A. Eckert** | Director | 2/19/2015 |
| /S/ GREG C. GARLAND<br>**Greg C. Garland** | Director | 2/19/2015 |
| /S/ REBECCA M. HENDERSON<br>**Rebecca M. Henderson** | Director | 2/19/2015 |
| /S/ FRANK C. HERRINGER<br>**Frank C. Herringer** | Director | 2/19/2015 |
| /S/ TYLER JACKS<br>**Tyler Jacks** | Director | 2/19/2015 |
| /S/ JUDITH C. PELHAM<br>**Judith C. Pelham** | Director | 2/19/2015 |
| /S/ RONALD D. SUGAR<br>**Ronald D. Sugar** | Director | 2/19/2015 |
| /S/ R. SANDERS WILLIAMS<br>**R. Sanders Williams** | Director | 2/19/2015 |

## Report of Independent Registered Public Accounting Firm

**The Board of Directors and Stockholders of Amgen Inc.**

We have audited the accompanying Consolidated Balance Sheets of Amgen Inc. (the "Company") as of December 31, 2014 and 2013, and the related Consolidated Statements of Income, Comprehensive Income, Stockholders' Equity and Cash Flows for each of the three years in the period ended December 31, 2014. Our audits also included the financial statement schedule listed in the Index at Item 15(a) 2. These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Amgen Inc. at December 31, 2014 and 2013, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2014, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Amgen Inc.'s internal control over financial reporting as of December 31, 2014, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 19, 2015 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Los Angeles, California
February 19, 2015

**AMGEN INC.**

**CONSOLIDATED STATEMENTS OF INCOME**

**Years ended December 31, 2014, 2013 and 2012**

**(In millions, except per share data)**

| | 2014 | 2013 | 2012 |
|---|---|---|---|
| Revenues: | | | |
| Product sales | $ 19,327 | $ 18,192 | $ 16,639 |
| Other revenues | 736 | 484 | 626 |
| Total revenues | 20,063 | 18,676 | 17,265 |
| | | | |
| Operating expenses: | | | |
| Cost of sales | 4,422 | 3,346 | 3,199 |
| Research and development | 4,297 | 4,083 | 3,380 |
| Selling, general and administrative | 4,699 | 5,184 | 4,814 |
| Other | 454 | 196 | 295 |
| Total operating expenses | 13,872 | 12,809 | 11,688 |
| | | | |
| Operating income | 6,191 | 5,867 | 5,577 |
| | | | |
| Interest expense, net | 1,071 | 1,022 | 1,053 |
| Interest and other income, net | 465 | 420 | 485 |
| | | | |
| Income before income taxes | 5,585 | 5,265 | 5,009 |
| | | | |
| Provision for income taxes | 427 | 184 | 664 |
| | | | |
| Net income | $ 5,158 | $ 5,081 | $ 4,345 |
| | | | |
| Earnings per share: | | | |
| Basic | $ 6.80 | $ 6.75 | $ 5.61 |
| Diluted | $ 6.70 | $ 6.64 | $ 5.52 |
| | | | |
| Shares used in the calculation of earnings per share: | | | |
| Basic | 759 | 753 | 775 |
| Diluted | 770 | 765 | 787 |

See accompanying notes.

**AMGEN INC.**

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

**Years ended December 31, 2014, 2013 and 2012**

**(In millions)**

| | 2014 | 2013 | 2012 |
|---|---|---|---|
| Net income | $ 5,158 | $ 5,081 | $ 4,345 |
| Other comprehensive income (loss), net of reclassification adjustments and taxes: | | | |
| Foreign currency translation losses | (196) | (80) | (9) |
| Effective portion of cash flow hedges | 323 | 2 | (78) |
| Net unrealized gains (losses) on available-for-sale securities | 24 | (226) | 63 |
| Other | 2 | (3) | (1) |
| Other comprehensive income (loss), net of tax | 153 | (307) | (25) |
| Comprehensive income | $ 5,311 | $ 4,774 | $ 4,320 |

See accompanying notes.

**AMGEN INC.**

**CONSOLIDATED BALANCE SHEETS**

**December 31, 2014 and 2013**

**(In millions, except per share data)**

| | 2014 | 2013 |
|---|---|---|
| **ASSETS** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 3,731 | $ 3,805 |
| Marketable securities | 23,295 | 15,596 |
| Trade receivables, net | 2,546 | 2,697 |
| Inventories | 2,647 | 3,019 |
| Other current assets | 2,494 | 2,250 |
| Total current assets | 34,713 | 27,367 |
| | | |
| Property, plant and equipment, net | 5,223 | 5,349 |
| Intangible assets, net | 12,693 | 13,262 |
| Goodwill | 14,788 | 14,968 |
| Restricted investments | — | 3,412 |
| Other assets | 1,592 | 1,767 |
| Total assets | $ 69,009 | $ 66,125 |
| | | |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | |
| Current liabilities: | | |
| Accounts payable | $ 1,212 | $ 787 |
| Accrued liabilities | 5,296 | 4,655 |
| Current portion of long-term debt | 500 | 2,505 |
| Total current liabilities | 7,008 | 7,947 |
| | | |
| Long-term debt | 30,215 | 29,623 |
| Long-term deferred tax liability | 3,461 | 3,498 |
| Other noncurrent liabilities | 2,547 | 2,961 |
| | | |
| Contingencies and commitments | | |
| | | |
| Stockholders' equity: | | |
| Common stock and additional paid-in capital; $0.0001 par value; 2,750.0 shares authorized; outstanding — 760.4 shares in 2014 and 754.6 shares in 2013 | 30,410 | 29,891 |
| Accumulated deficit | (4,624) | (7,634) |
| Accumulated other comprehensive loss | (8) | (161) |
| Total stockholders' equity | 25,778 | 22,096 |
| Total liabilities and stockholders' equity | $ 69,009 | $ 66,125 |

See accompanying notes.

**AMGEN INC.**

**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**

**Years ended December 31, 2014, 2013 and 2012**

**(In millions)**

| | Number of shares of common stock | Common stock and additional paid-in capital | Accumulated deficit | Accumulated other comprehensive income (loss) | Total |
|---|---|---|---|---|---|
| Balance at December 31, 2011 | 795.6 | $ 27,777 | $ (8,919) | $ 171 | $ 19,029 |
| Net income | — | — | 4,345 | — | 4,345 |
| Other comprehensive loss, net of tax | — | — | — | (25) | (25) |
| Dividends | — | — | (1,187) | — | (1,187) |
| Issuance of common stock in connection with the Company's equity award programs | 23.0 | 1,288 | — | — | 1,288 |
| Stock-based compensation | — | 359 | — | — | 359 |
| Tax impact related to employee stock-based compensation | — | (87) | — | — | (87) |
| Repurchases of common stock | (62.3) | — | (4,662) | — | (4,662) |
| Balance at December 31, 2012 | 756.3 | 29,337 | (10,423) | 146 | 19,060 |
| Net income | — | — | 5,081 | — | 5,081 |
| Other comprehensive loss, net of tax | — | — | — | (307) | (307) |
| Dividends | — | — | (1,521) | — | (1,521) |
| Issuance of common stock in connection with the Company's equity award programs | 7.4 | 296 | — | — | 296 |
| Stock-based compensation | — | 400 | — | — | 400 |
| Settlement of conversion value of convertible debt in excess of principal | — | (99) | — | — | (99) |
| Settlement of convertible note hedge | — | 99 | — | — | 99 |
| Settlement of warrants | — | (100) | — | — | (100) |
| Tax impact related to employee stock-based compensation | — | (42) | — | — | (42) |
| Repurchases of common stock | (9.1) | — | (771) | — | (771) |
| Balance at December 31, 2013 | 754.6 | 29,891 | (7,634) | (161) | 22,096 |
| Net income | — | — | 5,158 | — | 5,158 |
| Other comprehensive income, net of tax | — | — | — | 153 | 153 |
| Dividends | — | — | (1,995) | — | (1,995) |
| Issuance of common stock in connection with the Company's equity award programs | 6.7 | 186 | — | — | 186 |
| Stock-based compensation | — | 404 | — | — | 404 |
| Tax impact related to employee stock-based compensation | — | (71) | — | — | (71) |
| Repurchases of common stock | (0.9) | — | (153) | — | (153) |
| Balance at December 31, 2014 | 760.4 | $ 30,410 | $ (4,624) | $ (8) | $ 25,778 |

See accompanying notes.

**AMGEN INC.**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

**Years ended December 31, 2014, 2013 and 2012**

**(In millions)**

| | 2014 | 2013 | 2012 |
|---|---|---|---|
| Cash flows from operating activities: | | | |
| Net income | $ 5,158 | $ 5,081 | $ 4,345 |
| Depreciation and amortization | 2,092 | 1,286 | 1,088 |
| Stock-based compensation expense | 408 | 403 | 362 |
| Deferred income taxes | (108) | (189) | 28 |
| Property, plant and equipment impairments | 97 | 19 | 178 |
| Other items, net | (213) | 84 | (74) |
| Changes in operating assets and liabilities, net of acquisitions: | | | |
| Trade receivables, net | 136 | (38) | 348 |
| Inventories | 327 | (7) | (150) |
| Other assets | (1) | (59) | 124 |
| Accounts payable | 405 | (184) | 161 |
| Accrued income taxes | (103) | (326) | 87 |
| Legal reserve | — | — | (780) |
| Other liabilities | 357 | 221 | 165 |
| Net cash provided by operating activities | 8,555 | 6,291 | 5,882 |
| Cash flows from investing activities: | | | |
| Purchases of property, plant and equipment | (718) | (693) | (689) |
| Cash paid for acquisitions, net of cash acquired | (165) | (9,434) | (2,390) |
| Purchases of intangible assets | (285) | — | (25) |
| Purchases of marketable securities | (25,878) | (21,965) | (26,241) |
| Proceeds from sales of marketable securities | 16,697 | 19,123 | 17,372 |
| Proceeds from maturities of marketable securities | 4,199 | 5,090 | 1,994 |
| Change in restricted investments, net | 533 | (520) | — |
| Other | (135) | (70) | (11) |
| Net cash used in investing activities | (5,752) | (8,469) | (9,990) |
| Cash flows from financing activities: | | | |
| Net proceeds from issuance of debt | 4,476 | 8,054 | 4,933 |
| Repayment of debt | (5,605) | (3,371) | (123) |
| Repurchases of common stock | (138) | (832) | (4,607) |
| Dividends paid | (1,851) | (1,415) | (1,118) |
| Net proceeds from issuance of common stock in connection with the Company's equity award programs | 186 | 296 | 1,288 |
| Other | 55 | (6) | 46 |
| Net cash (used in) provided by financing activities | (2,877) | 2,726 | 419 |
| (Decrease) increase in cash and cash equivalents | (74) | 548 | (3,689) |
| Cash and cash equivalents at beginning of period | 3,805 | 3,257 | 6,946 |
| Cash and cash equivalents at end of period | $ 3,731 | $ 3,805 | $ 3,257 |

See accompanying notes.

## 1. Summary of significant accounting policies

*Business*

Amgen Inc. (including its subsidiaries, referred to as "Amgen," "the Company," "we," "our" or "us") is a global biotechnology pioneer that discovers, develops, manufactures and delivers innovative human therapeutics. We operate in one business segment: human therapeutics.

*Principles of consolidation*

The consolidated financial statements include the accounts of Amgen as well as its majority-owned subsidiaries. We do not have any significant interests in any variable interest entities. All material intercompany transactions and balances have been eliminated in consolidation.

*Use of estimates*

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States (GAAP) requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results may differ from those estimates.

*Product sales*

Sales of our products are recognized when shipped and title and risk of loss have passed. Product sales are recorded net of accruals for estimated rebates, wholesaler chargebacks, discounts and other deductions (collectively "sales deductions") and returns. Taxes collected from customers and remitted to government authorities related to the sales of the Company's products, primarily in Europe, are excluded from revenues.

We recognized revenue from the sale of product to the U.S. federal government for stockpile in accordance with U.S. Securities and Exchange Commission (SEC) Interpretation, *Commission Guidance Regarding Accounting for Sales of Vaccines and Bioterror Countermeasures to the Federal Government for Placement into the Pediatric Vaccine Stockpile or the Strategic National Stockpile* (SNS). We recognized $155 million of revenue for NEUPOGEN® during the year ended December 31, 2013, for purchases by the federal government for the SNS. There were no purchases by the federal government for the SNS during the years ended December 31, 2014 and 2012. We are contracted to manage this inventory of product until the federal government requests shipment.

*Other revenues*

Other revenues consist primarily of royalty income and corporate partner revenues. Royalties from licensees are based on third-party sales of licensed products and are recorded in accordance with contract terms when third-party results are reliably measurable and collectability is reasonably assured. Royalty estimates are made in advance of amounts collected using historical and forecasted trends. Corporate partner revenues are comprised mainly of amounts earned from Kirin-Amgen, Inc. (K-A) and other third parties for certain research and development (R&D) services, which are recognized as the R&D services are performed, as well as our share of the U.S. pre-tax Nexavar® commercial profits generated from our collaboration with Bayer HealthCare Pharmaceuticals, Inc. (Bayer). Corporate partner revenues also include license fees and milestone payments earned from K-A and from other third parties. See Multiple-deliverable revenue arrangements, discussed below, Note 7, Collaborative arrangements, and Note 8, Related party transactions.

*Multiple-deliverable revenue arrangements*

From time to time, we enter into arrangements for the R&D, manufacture and/or commercialization of products and product candidates. These arrangements may require us to deliver various rights, services and/or goods across the entire life cycle of a product or product candidate, including (i) intellectual property rights/licenses, (ii) R&D services, (iii) manufacturing services and/or (iv) commercialization services. The underlying terms of these arrangements generally provide for consideration to Amgen in the form of non-refundable upfront license payments, R&D and commercial performance milestone payments, cost sharing and/or royalty payments.

In arrangements involving the delivery of more than one element, each required deliverable is evaluated to determine whether it qualifies as a separate unit of accounting. For Amgen, this determination is generally based on whether the deliverable has "stand-alone value" to the customer. The arrangement's consideration that is fixed and determinable is then allocated to each separate unit of accounting based on the relative selling price of each deliverable. The estimated selling price of each deliverable is determined using the following hierarchy of values: (i) vendor-specific objective evidence of fair value, (ii) third-party evidence of selling price and (iii) best estimate of selling price (BESP). The BESP reflects our best estimate of what the selling price would be if the deliverable was regularly sold by us on a stand-alone basis. In general, the consideration allocated to each unit of accounting is recognized as the related goods or services are delivered, limited to the consideration that is not contingent upon future deliverables. Consideration associated with at-risk substantive performance milestones is recognized as revenue upon the achievement of the related milestone, as defined in the respective contracts.

*Research and development costs*

R&D costs are expensed as incurred and include primarily salaries, benefits and other staff-related costs; facilities and overhead costs; clinical trial and related clinical manufacturing costs; contract services and other outside costs; information systems' costs and amortization of acquired technology used in R&D with alternative future uses. R&D expenses also include costs and cost recoveries associated with third-party R&D arrangements such as with K-A, including upfront fees and milestones paid to third parties in connection with technologies which had not reached technological feasibility and did not have an alternative future use. Net payment or reimbursement of R&D costs is recognized when the obligations are incurred or as we become entitled to the cost recovery. See Note 7, Collaborative arrangements, and Note 8, Related party transactions.

*Selling, general and administrative costs*

Selling, general and administrative (SG&A) costs are comprised primarily of salaries, benefits and other staff-related costs associated with sales and marketing, finance, legal and other administrative personnel; facilities and overhead costs; outside marketing, advertising and legal expenses; the U.S. healthcare reform federal excise fee on Branded Prescription Pharmaceutical Manufacturers and Importers; and other general and administrative costs. Advertising costs are expensed as incurred. SG&A expenses also include costs and cost recoveries associated with marketing and promotion efforts under certain collaboration arrangements. Net payment or reimbursement of SG&A costs is recognized when the obligations are incurred or we become entitled to the cost recovery. See Note 7, Collaborative arrangements.

*Stock-based compensation*

We have stock-based compensation plans under which various types of equity-based awards are granted, including restricted stock units (RSUs), performance units and stock options. The estimated fair values of RSUs and stock option awards which are subject only to service conditions with graded vesting are generally recognized as compensation expense on a straight-line basis over the service period. The estimated fair values of performance unit awards are generally recognized as compensation expense as the awards vest ratably from the grant date to the end of the performance period. See Note 4, Stock-based compensation.

*Income taxes*

We provide for income taxes based on pretax income and applicable tax rates available in the various jurisdictions in which we operate. Deferred income taxes are recorded for the expected tax consequences of temporary differences between the bases of assets and liabilities for financial reporting purposes and amounts recognized for income tax purposes. We record a valuation allowance to reduce our deferred tax assets to the amount of future tax benefit that is more likely than not to be realized.

We recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained upon examination by the taxing authorities based on the technical merits of the position. The tax benefit recognized in the financial statements for a particular tax position is based on the largest benefit that is more likely than not to be realized. The amount of unrecognized tax benefits (UTBs) is adjusted as appropriate for changes in facts and circumstances, such as significant amendments to existing tax law, new regulations or interpretations by the taxing authorities, new information obtained during a tax examination, or resolution of an examination. We recognize both accrued interest and penalties, where appropriate, related to UTBs in income tax expense. See Note 5, Income taxes.

*Business combinations*

Business combinations are accounted for using the acquisition method of accounting. Under the acquisition method, assets acquired, including in-process research and development (IPR&D) projects, and liabilities assumed are recorded at their respective fair values as of the acquisition date in our consolidated financial statements. The excess of the fair value of consideration transferred over the fair value of the net assets acquired is recorded as goodwill. Contingent consideration obligations incurred in connection

with a business combination (including the assumption of an acquiree's liability arising from a business combination it consummated prior to our acquisition) are recorded at their fair values on the acquisition date and remeasured at their fair values each subsequent reporting period until the related contingencies are resolved. The resulting changes in fair values are recorded in earnings. See Note 3, Business combinations, and Note 16, Fair value measurement.

*Cash equivalents*

We consider cash equivalents to be only those investments which are highly liquid, readily convertible to cash and which mature within three months from the date of purchase.

*Available-for-sale investments*

We consider our investment portfolio available-for-sale and, accordingly, these investments are recorded at fair value with unrealized gains and losses generally recorded in other comprehensive income. Investments with maturities beyond one year, other than Restricted investments, may be classified as short-term marketable securities in the Consolidated Balance Sheets due to their highly liquid nature and because they represent the Company's investments that are available for current operations. See Note 9, Available-for-sale investments, and Note 16, Fair value measurement.

*Inventories*

Inventories are stated at the lower of cost or market. Cost, which includes amounts related to materials, labor and overhead, is determined in a manner that approximates the first-in, first-out method. See Note 10, Inventories.

*Derivatives*

We recognize all of our derivative instruments as either assets or liabilities at fair value in the Consolidated Balance Sheets. The accounting for changes in the fair value of a derivative instrument depends upon whether the derivative has been formally designated and qualifies as part of a hedging relationship under the applicable accounting standards and, further, on the type of hedging relationship. For derivatives formally designated as hedges, we assess both at inception and quarterly thereafter, whether the hedging derivatives are highly effective in offsetting changes in either the fair value or cash flows of the hedged item. Our derivatives that are not designated and do not qualify as hedges are adjusted to fair value through current earnings. See Note 16, Fair value measurement, and Note 17, Derivative instruments.

*Property, plant and equipment, net*

Property, plant and equipment is recorded at historical cost, net of accumulated depreciation, amortization and, if applicable, impairment charges. We review our property, plant and equipment assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Depreciation is provided over the assets’ useful lives on a straight-line basis. Leasehold improvements are amortized on a straight-line basis over the shorter of their estimated useful lives or lease terms. See Note 11, Property, plant and equipment.

*Goodwill and other intangible assets*

Finite-lived intangible assets are recorded at cost, net of accumulated amortization and, if applicable, impairment charges. Amortization of finite-lived intangible assets is provided over their estimated useful lives on a straight-line basis or the pattern in which economic benefits are consumed, if reliably determinable. We review our finite-lived intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. See Note 12, Goodwill and other intangible assets.

The estimated fair values of IPR&D projects acquired in a business combination which are not complete are capitalized and accounted for as indefinite-lived intangible assets until completion or abandonment of the related R&D efforts. Upon successful completion of the project, the capitalized amount is amortized over its estimated useful life. If a project is abandoned, all remaining capitalized amounts are written-off immediately. There are often major risks and uncertainties associated with IPR&D projects as we are required to obtain regulatory approvals in order to be able to market the resulting products. Such approvals require completing clinical trials that demonstrate a product candidate is safe and effective. Consequently, the eventual realized value of the acquired IPR&D project may vary from its estimated fair value at the date of acquisition, and IPR&D impairment charges may occur in future periods.

Capitalized IPR&D projects are tested for impairment annually and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. We consider various factors for potential impairment, including the current legal and regulatory environment and the competitive landscape. Adverse clinical trial results, significant delays in obtaining marketing

approval, the inability to bring a product to market and the introduction or advancement of competitors' products could result in the related intangible assets to be partially or fully impaired.

We perform an impairment test of goodwill annually and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. To date, an impairment of goodwill has not been recorded. See Note 12, Goodwill and other intangible assets.

*Restricted investments*

As of December 31, 2013, we had restricted investments on our Consolidated Balance Sheet that were owned by ATL Holdings Limited (ATL Holdings), a wholly-owned subsidiary. ATL Holdings was an entity distinct from the Company and its other subsidiaries, with separate assets and liabilities. Because certain third parties owned Class A preferred shares of ATL Holdings, this entity was required to hold restricted investments, which were composed of interest-bearing securities, cash and related interest receivable as of December 31, 2013. On May 22, 2014, the Company repurchased all of the outstanding Class A preferred shares, and therefore, there were no remaining restricted investments on our Consolidated Balance Sheet as of December 31, 2014. See Note 14, Financing arrangements.

*Contingencies*

In the ordinary course of business, we are involved in various legal proceedings and other matters such as intellectual property disputes, contractual disputes, governmental investigations and class action suits which are complex in nature and have outcomes that are difficult to predict. Certain of these proceedings are discussed in Note 18, Contingencies and commitments. We record accruals for loss contingencies to the extent that we conclude that it is probable that a liability has been incurred and the amount of the related loss can be reasonably estimated. We consider all relevant factors when making assessments regarding these contingencies.

While it is not possible to accurately predict or determine the eventual outcomes of these items, an adverse determination in one or more of these items currently pending could have a material adverse effect on our consolidated results of operations, financial position or cash flows.

*Foreign currency translation*

The net assets of international subsidiaries where the local currencies have been determined to be the functional currencies are translated into U.S. dollars using current exchange rates. The U.S. dollar effects that arise from translating net assets of these subsidiaries at changing rates are recognized in other comprehensive income. The earnings of these subsidiaries are translated into U.S. dollars using average exchange rates.

*Recent accounting pronouncements*

In May 2014, a new accounting standard was issued that amends the guidance for the recognition of revenue from contracts with customers to transfer goods and services. This new standard will be effective for interim and annual periods beginning January 1, 2017, is required to be adopted retrospectively and early adoption is not permitted. We are currently evaluating the provisions of this new standard and have not yet determined what impact it will have on our financial statements.

**2. Restructuring and other cost savings initiatives**

During the second half of 2014, we initiated a restructuring plan to invest in continuing innovation and the launch of our new pipeline molecules, while improving our cost structure. As part of the plan, we stated that we would reduce our staff by 3,500 to 4,000 by the end of 2015 and close our facilities in Washington state and Colorado and reduce the number of buildings at our headquarters in Thousand Oaks, California.

We currently estimate that $935 million to $1,035 million of pre-tax restructuring charges will be incurred in connection with the implementation of our restructuring plan. Included in these amounts are: (i) separation costs of $535 million to $585 million with respect to the staff reductions, and (ii) asset related charges of $400 million to $450 million consisting primarily of asset impairments, accelerated depreciation and other related costs resulting from the consolidation of our worldwide facilities.

During the year ended December 31, 2014, we initiated the above-noted actions and incurred $558 million of restructuring costs. We expect that substantially all remaining restructuring actions and related estimated costs, as discussed above, will be incurred during 2015.

The following table summarizes the charges recorded related to the restructuring plan by type of activity and the locations recognized within the Consolidated Statement of Income (in millions):

| | During the year ended December 31, 2014 | | | | |
|---|---|---|---|---|---|
| | Separation Costs | Asset Impairments | Accelerated Depreciation | Other | Total |
| Cost of sales | $ — | $ 81 | $ 23 | $ — | $ 104 |
| Research and development | — | — | 28 | 21 | 49 |
| Selling, general and administrative | — | — | 4 | 5 | 9 |
| Other | 377 | 6 | — | 13 | 396 |
| Total | $ 377 | $ 87 | $ 55 | $ 39 | $ 558 |

Asset impairment and accelerated depreciation charges were recognized in connection with our decision to exit Boulder and Longmont, Colorado and Bothell and Seattle, Washington, as well as the consolidation of facilities in Thousand Oaks, California. The decision to accelerate the closure of these manufacturing and R&D facilities was based principally on optimizing the utilization of our sites in the United States, which includes an expansion of our presence in the key U.S. biotechnology hubs of South San Francisco, California, and Cambridge, Massachusetts.

The following table summarizes the expenses (excluding non-cash charges) and payments regarding liabilities related to the restructuring plan (in millions):

| | During the year ended December 31, 2014 | | |
|---|---|---|---|
| | Separation Costs | Other | Total |
| Restructuring liabilities as of January 1, 2014 | $ — | $ — | $ — |
| Expense | 353 | 32 | 385 |
| Payments | (132) | (9) | (141) |
| Restructuring liabilities as of December 31, 2014 | $ 221 | $ 23 | $ 244 |

*Other cost savings initiatives*

In addition to, and separate from, the restructuring plan above, we incurred other charges as part of our efforts to optimize our network of facilities and improve cost efficiencies in our operations:

- In 2012, we determined that certain manufacturing facilities located in Boulder, Colorado, were no longer needed and accordingly, they were abandoned during the fourth quarter. This resulted in the write-off of the carrying value of the facility, which aggregated $118 million, during the year ended December 31, 2012. The amount is included in Cost of sales in the Consolidated Statement of Income.
- During the years ended December 31, 2013 and 2012, we recorded certain charges aggregating approximately $71 million and $175 million, respectively, which are included in Other operating expenses in the Consolidated Statements of Income. The expenses are primarily severance-related. The 2012 charges also included expenses associated with abandoning leased facilities.

**3. Business combinations**

*Onyx Pharmaceuticals*

On October 1, 2013, we acquired all of the outstanding stock of Onyx Pharmaceuticals, Inc. (Onyx), a global biopharmaceutical company engaged in the development and commercialization of innovative therapies for improving the lives of people afflicted with cancer. Onyx has a multiple myeloma franchise, with Kyprolis® for Injection (marketed by Onyx, an Amgen subsidiary) already approved in the United States, and with oprozomib being evaluated in clinical trials for patients with hematologic malignancies. In addition, Onyx has three partnered oncology assets: Nexavar® tablets (an Onyx and Bayer compound), Stivarga® tablets (a Bayer compound), and palbociclib (a Pfizer, Inc. (Pfizer) compound). This transaction, which was accounted for as a business combination, provides us with an opportunity to expand our oncology franchise. Onyx's operations have been included in our consolidated financial statements commencing on the acquisition date.

The aggregate consideration to acquire Onyx was paid in cash and consisted of (in millions):

| | | |
|---|---|---|
| Total consideration transferred | $ | 9,517 |
| Compensation expense | | 197 |
| Total cash paid | $ | 9,714 |

The $9,517 million cash payment consisted of a $9,186 million cash payment to the outstanding common stockholders and a $331 million cash payment to the Onyx equity award holders for services rendered prior to October 1, 2013 under the Onyx equity award plans. The remaining $197 million of cash, which related to the accelerated vesting of the remaining Onyx equity awards, was recognized as compensation expense during the three months ended December 31, 2013. This amount was included primarily in Selling, general and administrative expense in the Consolidated Statement of Income.

The consideration to acquire Onyx was allocated to the acquisition date fair values of assets acquired and liabilities assumed as follows (in millions):

| | | |
|---|---|---|
| Cash and cash equivalents | $ | 319 |
| Marketable securities | | 337 |
| Inventories | | 170 |
| Indefinite-lived intangible assets - IPR&D | | 1,180 |
| Finite-lived intangible assets - Developed product technology rights | | 6,190 |
| Finite-lived intangible assets - Licensing rights | | 2,792 |
| Goodwill | | 2,402 |
| Convertible debt | | (742) |
| Assumed contingent consideration | | (261) |
| Deferred income taxes, net | | (3,011) |
| Other assets (liabilities), net | | 141 |
| Total consideration | $ | 9,517 |

Onyx’s preliminary goodwill at December 31, 2013 was reduced during the year ended December 31, 2014, by $124 million due primarily to revisions which increased the acquisition date fair values of developed product technology rights by $280 million and deferred income taxes by $93 million, and decreased inventory by $80 million. The adjustments did not have a material effect on our current or prior period financial statements.

The developed product technology rights acquired relate to Kyprolis® which is approved in the United States. This product technology is being amortized on a straight-line basis over the estimated useful life of 12 years.

Licensing rights acquired represent the aggregate estimated fair values of receiving future milestone, royalty and/or profit sharing payments associated with various contract agreements that were entered into by Onyx prior to the acquisition. The weighted-average useful life of these finite-lived intangible assets is ten years and they are being amortized on a straight-line basis.

The fair values of the developed product technology rights and licensing rights acquired were determined by estimating the probability-weighted net cash flows attributable to these rights discounted to present value using a discount rate that represents the estimated rate that market participants would use to value these intangible assets.

The estimated fair values of acquired IPR&D are related to: (i) the development of Kyprolis® in the territories outside the U.S. (excluding Japan), where regulatory approval to market the product has not been received, and (ii) oprozomib. The estimated fair values were determined using a probability-weighted income approach, which discounts expected future cash flows to present value using a discount rate that represents the estimated rate that market participants would use to value the assets. The projected cash flows from these projects were based on certain assumptions, including estimates of future revenues and expenses, the time and resources needed to complete development and the probabilities of obtaining marketing approval from regulatory agencies. In January 2015, we and Onyx announced the submission of a Marketing Authorization Application (MAA) for Kyprolis® in the European Union (EU) for the treatment of patients with relapsed multiple myeloma who have received at least one prior therapy, and the granting of an accelerated assessment by the European Medicines Agency (EMA).

We assumed contingent consideration obligations upon the acquisition of Onyx arising from Onyx's 2009 acquisition of Proteolix, Inc. There were two separate milestone payments of $150 million each which were to be triggered if Kyprolis® received

specified marketing approvals for relapsed multiple myeloma on or before March 31, 2016, by each of the U.S. Food and Drug Administration (FDA) and the EMA. The assumed contingent consideration value was determined by discounting probability-adjusted cash outflows to present value using a discount rate that represents the estimated rate that market participants would use. In December 2014, we renegotiated the terms of these milestones and have settled the contingent consideration obligations with the former shareholders of Proteolix, Inc. by agreeing to make a single payment of $225 million, which is currently expected to occur during the first quarter of 2015. See Note 16, Fair value measurement.

The excess of the acquisition date consideration over the fair values assigned to the assets acquired and the liabilities assumed of $2.4 billion was recorded as goodwill, which is not deductible for tax purposes and represents the future economic benefits arising from other assets acquired that could not be individually identified and separately recognized and the expected synergies and other benefits that we believe will result from combining the operations of Onyx with our operations.

We incurred $36 million of transaction-related expense which was recorded in Selling, general, and administrative expenses in the Consolidated Statement of Income for the year ended December 31, 2013.

The following table presents supplemental pro forma information as if the acquisition of Onyx had occurred on January 1, 2012 (in millions, unaudited):

| | Years ended December 31, | |
|---|---|---|
| | 2013 | 2012 |
| Pro forma net revenues | $ 19,141 | $ 17,616 |
| Pro forma net income | 4,848 | 3,700 |

The unaudited pro forma consolidated results include pro forma adjustments that assume the acquisition occurred on January 1, 2012. The primary adjustments include: (i) the $197 million cash payment that was paid and recognized as compensation expense during the fourth quarter of 2013 related to the accelerated vesting of the remaining Onyx equity awards was included in the net income attributable to Amgen for the year ended December 31, 2012, and (ii) additional intangible amortization expense of $488 million and $412 million was included in the year ended December 31, 2013 and 2012, respectively. The adjustments also include the impact of additional interest expense on debt issued in connection with the acquisition of Onyx assuming the debt was incurred on January 1, 2012. The unaudited pro forma consolidated results are not necessarily indicative of what our consolidated results of operations actually would have been had we completed the acquisition on January 1, 2012. In addition, the unaudited pro forma consolidated results do not purport to project the future results of operations of the combined company nor do they reflect the expected realization of any cost savings associated with the acquisition.

*Filgrastim and pegfilgrastim rights acquisition*

In October 2013, we entered into an agreement to acquire the licenses to filgrastim and pegfilgrastim effective January 1, 2014 (acquisition date), that were held by F. Hoffmann-La Roche Ltd. (Roche) in approximately 100 markets in Eastern Europe, Latin America, Asia, the Middle East and Africa (Product Rights), and to settle our preexisting relationship related to the Product Rights for total consideration of $497 million. The acquisition of the Product Rights was accounted for as a business combination as the acquired rights and processes are capable of producing an immediate return to us, and the settlement of the preexisting relationship was accounted for separately from the business combination.

This transaction provides us with an opportunity to expand our geographic presence and reach more patients in more countries that could benefit from our therapies. The operations of the acquired set of activities have been included in our financial statements commencing on the acquisition date. Pro forma results of operations for this acquisition have not been presented because this acquisition is not material to our consolidated results of operations.

The aggregate consideration transferred consisted of (in millions):

| | |
|---|---|
| Total consideration transferred | $ 497 |
| Settlement of preexisting relationship at fair value | (99) |
| Total consideration transferred to acquire the Product Rights | $ 398 |

The settlement of the preexisting relationship relates to a supply contract between Amgen and Roche that was terminated as a result of the acquisition of the Product Rights. The fair value of the contract of $99 million was recognized in Cost of sales in the Consolidated Statement of Income for the year ended December 31, 2014.

The consideration to acquire the Product Rights was allocated to the acquisition date fair values of assets as follows (in millions):

| | | |
|---|---|---|
| Finite-lived intangible assets - Marketing-related rights | $ | 363 |
| Finite-lived intangible assets - Developed product technology rights | | 11 |
| Goodwill | | 3 |
| Other assets | | 21 |
| Total consideration | $ | 398 |

The marketing-related and developed product technology rights acquired relate to the Product Rights and are being amortized on a straight-line basis over their estimated useful lives of five years and three and one-half years, respectively.

*deCODE Genetics*

On December 10, 2012, we acquired for cash all of the outstanding stock of deCODE Genetics (deCODE), a privately held company that is a global leader in human genetics. The transaction provides us with an opportunity to enhance our efforts to identify and validate human disease targets. Consideration was allocated primarily to a finite-lived intangible asset of discovery capacity in the genetics of human diseases with an estimated useful life of 10 years.

*KAI Pharmaceuticals*

On July 5, 2012, we acquired for cash all of the outstanding stock of KAI Pharmaceuticals (KAI), a privately held biotechnology company that developed AMG 416, its lead product candidate, which is now in phase 3 clinical development for the treatment of secondary hyperparathyroidism in patients with chronic kidney disease (CKD) who are on dialysis. The transaction provides us with an opportunity to further expand our nephrology pipeline. The acquired IPR&D is related to AMG 416.

Goodwill is attributable primarily to expected synergies and other benefits from combining KAI with our nephrology development and commercialization activities.

*Mustafa Nevzat Pharmaceuticals*

On June 12, 2012, we acquired for cash substantially all of the outstanding stock of Mustafa Nevzat Pharmaceuticals (MN), a privately held company that is a leading supplier of pharmaceuticals to the hospital sector and a major supplier of injectable medicines in Turkey. The transaction provides us with the opportunity to expand our presence in Turkey and the surrounding region.

The finite-lived intangible assets acquired are related primarily to the fair values of MN's regulatory approvals and customer relationships with regard to the marketing of pharmaceutical products and are being amortized on a straight-line basis over their estimated useful lives. The weighted-average useful life of these intangible assets is eight years.

Goodwill is attributable primarily to MN's expected continued commercial presence in Turkey and other benefits.

*Micromet, Inc.*

On March 7, 2012, we acquired for cash consideration Micromet, Inc. (Micromet), a publicly held biotechnology company focused on the discovery, development and commercialization of innovative antibody-based therapies for the treatment of cancer. This transaction provides us with an opportunity to further expand our oncology pipeline.

The estimated fair value of acquired IPR&D is related to blinatumomab and outlicense agreements entered into by Micromet prior to our acquisition of the company where we continue to play an active role in the development of the respective programs. In December 2014, we announced that the FDA has granted approval of BLINCYTO™ for the treatment of patients with Philadelphia chromosome-negative (Ph-) relapsed or refractory B-cell precursor acute lymphoblastic leukemia (ALL).

During 2014 and 2012, we wrote-off non-key IPR&D outlicensing programs resulting in impairment charges of $46 million and $19 million, respectively. Both of these charges were included in Other operating expenses in the Consolidated Statements of Income.

The R&D technology rights acquired relate to Micromet's BiTE® technology platform which has produced various product candidates that are currently being developed as cancer treatments by the Company and others and may lead to the development of additional product candidates. The fair value of this technology is being amortized on a straight-line basis over its estimated useful life of 10 years.

Goodwill is attributable primarily to expected synergies and other benefits from combining Micromet with our oncology development and commercialization activities.

The consideration to acquire deCODE, KAI, MN, and Micromet was allocated to the acquisition date fair values of the assets acquired and liabilities assumed as follows (in millions):

| | deCODE | KAI | MN | Micromet |
|---|---|---|---|---|
| IPR&D | $ — | $ 240 | $ — | $ 570 |
| Developed product technology rights | — | — | 81 | — |
| R&D technology rights | 465 | — | — | 350 |
| Marketing-related rights | — | — | 82 | — |
| Deferred income taxes, net | (37) | (59) | (45) | (191) |
| Other assets (liabilities), net | (29) | 26 | 179 | 170 |
| Goodwill | — | 125 | 380 | 247 |
| Total consideration | $ 399 | $ 332 | $ 677 | $ 1,146 |

The estimated fair values of intangible assets were primarily determined using a probability-weighted income approach, which discounts expected future cash flows to present value by using a discount rate that represents the estimated rate that market participants would use to value this intangible asset. The projected cash flows were based on certain assumptions, including estimates of future revenues and expenses, the time and resources needed to complete development and the probabilities of obtaining marketing approval from the FDA and other regulatory agencies.

For all IPR&D projects in the acquisitions discussed above, including Onyx, there are major risks and uncertainties associated with the timely and successful completion of development and commercialization of these product candidates, including our ability to confirm their safety and efficacy based on data from clinical trials, our ability to obtain necessary regulatory approvals and our ability to successfully complete these tasks within budgeted costs. We are not able to market a human therapeutic without obtaining regulatory approvals, and such approvals require completing clinical trials that demonstrate a product candidate is safe and effective. Consequently, the eventual realized value, if any, of these acquired IPR&D projects may vary from their estimated fair values at the dates of acquisition.

**4. Stock-based compensation**

On May 22, 2013, our stockholders approved our Amended and Restated 2009 Equity Incentive Plan (the Amended 2009 Plan), which amended and restated our 2009 Equity Incentive Plan (the 2009 Plan) and increased the number of shares of our common stock authorized for issuance pursuant to equity-based awards under the 2009 Plan to approximately 104 million shares (plus any additional shares that are added back into the authorized pool as described below). Like the 2009 Plan, the Amended 2009 Plan provides for grants of equity-based awards, including RSUs, stock options and performance units to employees and consultants of Amgen, its subsidiaries and non-employee members of our Board of Directors. The 2009 Plan replaced our prior equity plans (the Prior Plans), and no further awards may be made under these Prior Plans. Consistent with the 2009 Plan, the pool of shares available under the Amended 2009 Plan is reduced by one share for each stock option granted and by 1.9 shares for other types of awards granted, including RSUs and performance units (full-value awards). Generally, if any shares subject to an award granted under the Amended 2009 Plan expire, or are forfeited, terminated or canceled without the issuance of shares, the shares subject to such awards are added back into the authorized pool on the same basis that they were removed. In addition, under the Amended 2009 Plan, shares withheld to pay for minimum statutory tax obligations with respect to full value awards will be added back into the authorized pool on the basis of 1.9 shares. As of December 31, 2014, the Amended 2009 Plan provides for future grants and/or issuances of up to approximately 52 million shares of our common stock. Stock-based awards under our employee compensation plans are made with newly issued shares reserved for this purpose.

The following table reflects the components of stock-based compensation expense recognized in our Consolidated Statements of Income (in millions):

| | Years ended December 31, | | |
|---|---|---|---|
| | 2014 | 2013 | 2012 |
| RSUs | $ 219 | $ 206 | $ 186 |
| Performance units | 171 | 163 | 117 |
| Stock options | 18 | 34 | 59 |
| Total stock-based compensation expense, pretax | 408 | 403 | 362 |
| Tax benefit from stock-based compensation expense | (152) | (149) | (134) |
| Total stock-based compensation expense, net of tax | $ 256 | $ 254 | $ 228 |

*Restricted stock units and stock options*

Eligible employees generally receive a grant of RSUs annually with the size and type of award generally determined by the employee's salary grade and performance level. In addition, certain management and professional level employees typically receive RSU grants upon commencement of employment. Prior to 2012, eligible employees also received a grant of stock options annually. Prior to February 2013, non-employee members of our Board of Directors (outside directors) received a grant of RSUs and stock options annually and received a grant of stock options in connection with their appointment to the Board of Directors. Beginning in April 2013, outside directors receive only annual grants of RSUs.

Our RSU and stock option grants provide for accelerated or continued vesting in certain circumstances as defined in the plans and related grant agreements, including upon death, disability, a change in control, termination in connection with a change in control and the retirement of employees who meet certain service and/or age requirements. RSUs and stock options granted prior to April 25, 2011, generally vest in equal amounts on each of the first four anniversaries of the grant date. Stock options and RSUs granted on and after April 25, 2011, generally vest in approximately equal amounts on the second, third and fourth anniversaries of the grant date. RSUs granted on and after April 27, 2012, accrue dividend equivalents which are typically payable in shares and only when and to the extent the underlying RSUs vest and are issued to the recipient.

*Restricted stock units*

The grant date fair value of an RSU equaled the closing price of our common stock on the grant date for RSUs granted prior to April 25, 2011, and on and after April 27, 2012. Prior to April 2011, we did not have a policy of paying dividends, and beginning April 27, 2012, RSUs granted accrue dividend equivalents during the vesting period. The fair values of RSUs granted on April 25, 2011 through April 26, 2012, are based on the closing price of our common stock on the grant date reduced by the weighted-average expected dividend yield of 2.0% over the weighted-average vesting period, discounted at a weighted-average risk-free interest rate of 1.0%. The weighted-average grant date fair values of RSUs granted in 2014, 2013 and 2012 were $115.63, $107.01 and $72.99, respectively. The following summarizes select information regarding our RSUs:

| | During the year ended December 31, 2014 | |
|---|---|---|
| | Units (in millions) | Weighted-average grant date fair value |
| Balance nonvested at December 31, 2013 | 8.8 | $ 76.75 |
| Granted | 2.3 | $ 115.63 |
| Vested | (3.0) | $ 63.36 |
| Forfeited | (1.0) | $ 90.77 |
| Balance nonvested at December 31, 2014 | 7.1 | $ 92.88 |

The total fair values of shares associated with RSUs that vested during the years ended December 31, 2014, 2013 and 2012, were $191 million, $145 million and $139 million, respectively.

As of December 31, 2014, there were approximately $357 million of unrecognized compensation costs related to nonvested stock option and RSU awards, which are expected to be recognized over a weighted-average period of 1.7 years.

*Stock options*

The exercise price for stock options is set at the closing price of our common stock on the date of grant and the related number of shares granted is fixed at that point in time. Awards granted to employees on and after April 26, 2010, expire 10 years from the date of grant; options granted to employees prior to that date expire seven years from the date of grant. We did not grant stock options during the year ended December 31, 2014, and stock options granted during the years ended December 31, 2013 and 2012, were not significant.

The following summarizes select information regarding our stock options:

| | During the year ended December 31, 2014 | | | |
|---|---|---|---|---|
| | Options (in millions) | Weighted-average exercise price | Weighted-average remaining contractual life (years) | Aggregate intrinsic value (in millions) |
| Balance unexercised at December 31, 2013 | 7.4 | $ 54.91 | | |
| Granted | — | $ — | | |
| Exercised | (3.1) | $ 55.42 | | |
| Expired/forfeited | (0.2) | $ 56.18 | | |
| Balance unexercised at December 31, 2014 | 4.1 | $ 54.48 | 4.2 | $ 432 |
| Vested or expected to vest at December 31, 2014 | 4.1 | $ 54.48 | 4.2 | $ 432 |
| Exercisable at December 31, 2014 | 3.5 | $ 54.45 | 3.9 | $ 371 |

The total intrinsic values of options exercised during the years ended December 31, 2014, 2013 and 2012, were $228 million, $210 million and $320 million, respectively. The actual tax benefits realized from tax deductions from option exercises during the three years ended December 31, 2014, 2013 and 2012, were $83 million, $77 million and $117 million, respectively.

*Performance units*

Certain management-level employees also receive annual grants of performance units, which give the recipient the right to receive common stock that is contingent upon achievement of specified pre-established goals over the performance period, which is generally three years. The performance goals for the units granted in 2014, 2013 and 2012, which are accounted for as equity awards, are based upon Amgen's stockholder return compared with a comparator group of companies, which are considered market conditions and are reflected in the grant date fair values of the units. The expense recognized for the awards is based on the grant date fair value of a unit multiplied by the number of units granted, net of estimated forfeitures. Depending on the outcome of these performance goals, a recipient may ultimately earn a number of units greater or less than the number of units granted. Shares of our common stock are issued on a one-for-one basis for each performance unit earned. In general, participants vest in their performance unit awards at the end of the performance period. The performance award program provides for accelerated or continued vesting in certain circumstances as defined in the plan, including upon death, disability, a change in control and retirement of employees who meet certain service and/or age requirements. Performance units accrue dividend equivalents which are typically payable in shares and only when and to the extent the underlying performance units vest and are issued to the recipient, including with respect to market conditions that affect the number of performance units earned.

We used payout simulation models to estimate the grant date fair value of performance units granted in 2014, 2013 and 2012. The weighted-average assumptions used in these models and the resulting weighted-average grant date fair values of our performance units were as follows:

| | Years ended December 31, | | |
|---|---|---|---|
| | 2014 | 2013 | 2012 |
| Closing price of our common stock on grant date | $ 112.43 | $ 92.03 | $ 68.75 |
| Volatility | 23.8% | 21.0% | 22.9% |
| Risk-free interest rate | 0.8% | 0.4% | 0.5% |
| Fair value of unit | $ 104.47 | $ 102.73 | $ 78.21 |

The payout simulation models also assumed correlations of returns of the stock prices of our common stock and the common stocks of the comparator groups of companies and stock price volatilities of the comparator groups of companies.

As of December 31, 2014 and 2013, a total of 5.8 million and 6.6 million performance units were outstanding with weighted-average grant date fair values of $92.66 and $76.95 per unit, respectively. During the year ended December 31, 2014, 1.7 million performance units with a weighted-average grant date fair value of $104.47 were granted, 3.7 million performance units with a weighted-average grant date fair value of $77.89 vested, and 0.5 million performance units with a weighted-average grant date fair value of $95.01 were forfeited.

The total fair values of performance units that vested during 2014, 2013 and 2012 were $587 million, $270 million and $100 million, respectively, based upon the number of performance units earned multiplied by the closing stock price of our common stock on the last day of the performance period.

As of December 31, 2014, there was approximately $133 million of unrecognized compensation cost related to the 2014 and 2013 performance unit grants that is expected to be recognized over a weighted-average period of approximately 0.9 years.

**5. Income taxes**

The provision for income taxes included the following (in millions):

| | Years ended December 31, | | |
|---|---|---|---|
| | 2014 | 2013 | 2012 |
| Current provision: | | | |
| Federal | $ 251 | $ 54 | $ 438 |
| State | 58 | 26 | 47 |
| Foreign | 194 | 191 | 158 |
| Total current provision | 503 | 271 | 643 |
| Deferred provision (benefit): | | | |
| Federal | (22) | (86) | 83 |
| State | (4) | 19 | (43) |
| Foreign | (50) | (20) | (19) |
| Total deferred provision (benefit) | (76) | (87) | 21 |
| Total provision | $ 427 | $ 184 | $ 664 |

Deferred income taxes reflect the tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes, tax credit carryforwards and the tax effects of net operating loss (NOL) carryforwards.

Significant components of our deferred tax assets and liabilities were as follows (in millions):

| | December 31, | |
|---|---|---|
| | 2014 | 2013 |
| Deferred income tax assets: | | |
| NOL and credit carryforwards | $ 588 | $ 1,017 |
| Expense accruals | 730 | 697 |
| Expenses capitalized for tax | 221 | 196 |
| Stock-based compensation | 206 | 211 |
| Other | 191 | 144 |
| Total deferred income tax assets | 1,936 | 2,265 |
| Valuation allowance | (336) | (314) |
| Net deferred income tax assets | 1,600 | 1,951 |
| | | |
| Deferred income tax liabilities: | | |
| Acquired intangibles | (4,089) | (4,430) |
| Other | (232) | (263) |
| Total deferred income tax liabilities | (4,321) | (4,693) |
| Total deferred income taxes, net | $ (2,721) | $ (2,742) |

Valuation allowances are provided to reduce the amounts of our deferred tax assets to an amount that is more likely than not to be realized based on an assessment of positive and negative evidence, including estimates of future taxable income necessary to realize future deductible amounts.

The valuation allowance for deferred tax assets increased by $22 million and $41 million in 2014 and 2013, respectively, due primarily to valuation allowances established as part of acquisitions and the Company's expectation that some state NOLs and R&D credits will not be utilized.

At December 31, 2014, we had $39 million of federal tax credit carryforwards available to reduce future federal income taxes and have provided a valuation allowance for $21 million of those federal tax credit carryforwards. The federal tax credit carryforwards for which no valuation allowance has been provided expire between 2031 and 2033. We had $341 million of state tax credit carryforwards available to reduce future state income taxes and have provided a valuation allowance for $222 million of those state tax credit carryforwards. The majority of the state tax credit carryforwards have no expiry.

At December 31, 2014, we had $97 million of NOL carryforwards available to reduce future federal income taxes and have provided a valuation allowance for $83 million of those federal NOL carryforwards. The federal NOL carryforwards, for which no valuation allowance has been provided, expire between 2020 and 2031. We had $697 million of NOL carryforwards available to reduce future state income taxes and have provided a valuation allowance for $421 million of those state NOL carryforwards. The state NOLs for which no valuation allowance has been provided expire between 2015 and 2031. We had $1.3 billion of NOL carryforwards available to reduce future foreign income taxes and have provided a valuation allowance for $770 million of those foreign NOL carryforwards. The majority of the foreign NOLs have no expiry; the remaining foreign NOLs expire between 2015 and 2024.

The reconciliations of the total gross amounts of UTBs (excluding interest, penalties, foreign tax credits and the federal tax benefit of state taxes related to UTBs) were as follows (in millions):

| | During the years ended December 31, | | |
|---|---|---|---|
| | 2014 | 2013 | 2012 |
| Balance at beginning of year | $ 1,415 | $ 1,200 | $ 975 |
| Additions based on tax positions related to the current year | 379 | 335 | 300 |
| Additions based on tax positions related to prior years | 37 | 96 | 5 |
| Reductions for tax positions of prior years | (45) | (192) | (50) |
| Reductions for expiration of statute of limitations | (12) | — | — |
| Settlements | (2) | (24) | (30) |
| Balance at end of year | $ 1,772 | $ 1,415 | $ 1,200 |

Substantially all of the UTBs as of December 31, 2014, if recognized, would affect our effective tax rate. During the year ended December 31, 2013, we settled our examination with the Internal Revenue Service (IRS) for the years ended December 31, 2007, 2008 and 2009. During the year ended December 31, 2012, we settled examinations with various state and foreign tax authorities for prior tax years. As a result of these developments, we remeasured our UTBs accordingly. As of December 31, 2014, we believe it is reasonably possible that our gross liabilities for UTBs may decrease by approximately $70 million within the succeeding twelve months due to the resolution of state audits.

Interest and penalties related to UTBs are included in our provision for income taxes. During 2014, 2013 and 2012, we accrued approximately $35 million, $32 million and $30 million, respectively, of interest and penalties through the income tax provision in the Consolidated Statements of Income. At December 31, 2014 and 2013, accrued interest and penalties associated with UTBs totaled approximately $134 million and $99 million, respectively.

The reconciliations between the federal statutory tax rate applied to income before income taxes and our effective tax rate were as follows:

| | Years ended December 31, | | |
|---|---|---|---|
| | 2014 | 2013 | 2012 |
| Federal statutory tax rate | 35.0 % | 35.0 % | 35.0 % |
| Foreign earnings, including earnings invested indefinitely | (22.4)% | (21.3)% | (17.8)% |
| Credits, Puerto Rico Excise Tax | (4.4)% | (4.7)% | (5.2)% |
| Credits, primarily federal R&D | (1.5)% | (3.0)% | 0.0 % |
| State taxes | 0.7 % | 0.8 % | 0.6 % |
| Audit settlements (federal, state, foreign) | 0.0 % | (3.7)% | 0.3 % |
| Other, net | 0.2 % | 0.4 % | 0.4 % |
| Effective tax rate | 7.6 % | 3.5 % | 13.3 % |

The effective tax rates for the years ended December 31, 2014, 2013 and 2012, are different from the federal statutory rates primarily as a result of indefinitely invested earnings of our foreign operations. We do not provide for U.S. income taxes on undistributed earnings of our foreign operations that are intended to be invested indefinitely outside the United States. Substantially all of the benefit from foreign earnings on our effective tax rate results from foreign income associated with the Company's operation conducted in Puerto Rico that is subject to a tax incentive grant that expires in 2020. At December 31, 2014, the cumulative amount of these earnings was approximately $29.3 billion. If these earnings were repatriated to the United States, we would be required to accrue and pay approximately $10.5 billion of additional income taxes based on the current tax rates in effect.

Our total foreign income before income taxes was approximately $4.1 billion, $3.7 billion and $3.3 billion for the years ended December 31, 2014, 2013 and 2012, respectively.

Puerto Rico imposes an excise tax on the gross intercompany purchase price of goods and services from our manufacturer in Puerto Rico. The rate was 3.75% in 2012, 2.75% in the first half of 2013 and 4.0% effective July 1, 2013 through December 31, 2017. We account for the excise tax as a manufacturing cost that is capitalized in inventory and expensed in cost of sales when the related products are sold. For U.S. income tax purposes, the excise tax results in foreign tax credits that are generally recognized in our provision for income taxes when the excise tax is incurred.

Because the American Taxpayer Relief Act of 2012 was not enacted until 2013, certain provisions of the Act benefiting the Company's 2012 federal taxes, including the retroactive extension of the R&D tax credit for 2012, were not recognized in the Company's 2012 financial results and instead are reflected in the Company's 2013 financial results. The tax benefit of the retroactive extension of the 2012 R&D tax credit that was recognized in 2013 was $70 million.

Income taxes paid during the years ended December 31, 2014, 2013 and 2012, totaled $269 million, $321 million and $502 million, respectively.

One or more of our legal entities file income tax returns in the U.S. federal jurisdiction, various U.S. state jurisdictions and certain foreign jurisdictions. Our income tax returns are routinely audited by the tax authorities in those jurisdictions. Significant disputes may arise with these tax authorities involving issues of the timing and amount of deductions, the use of tax credits and allocations of income among various tax jurisdictions because of differing interpretations of tax laws and regulations. We are no longer subject to U.S. federal income tax examinations for tax years ended on or before December 31, 2009, or to California state income tax examinations for tax years ended on or before December 31, 2005. We are currently under audit by the IRS for tax years ended December 31, 2010, 2011 and 2012.

**6. Earnings per share**

The computation of basic earnings per share (EPS) is based on the weighted-average number of our common shares outstanding. The computation of diluted EPS is based on the weighted-average number of our common shares outstanding and dilutive potential common shares, which include principally shares that may be issued under: our stock option, restricted stock and performance unit awards, determined using the treasury stock method; and our convertible notes and warrants while outstanding (collectively “dilutive securities”). For further information regarding our convertible notes and warrants, see Note 14, Financing arrangements.

The computation for basic and diluted EPS was as follows (in millions, except per share data):

| | Years ended December 31, | | |
|---|---|---|---|
| | 2014 | 2013 | 2012 |
| Income (Numerator): | | | |
| Net income for basic and diluted EPS | $ 5,158 | $ 5,081 | $ 4,345 |
| | | | |
| Shares (Denominator): | | | |
| Weighted-average shares for basic EPS | 759 | 753 | 775 |
| Effect of dilutive securities | 11 | 12 | 12 |
| Weighted-average shares for diluted EPS | 770 | 765 | 787 |
| | | | |
| Basic EPS | $ 6.80 | $ 6.75 | $ 5.61 |
| Diluted EPS | $ 6.70 | $ 6.64 | $ 5.52 |

For the years ended December 31, 2014 and 2013, the number of anti-dilutive employee stock-based awards excluded from the computation of diluted EPS was not significant. For the year ended December 31, 2012, there were employee stock-based awards, calculated on a weighted-average basis, to acquire 6 million shares of our common stock that are not included in the computation of diluted EPS because their impact would have been anti-dilutive.

**7. Collaborative arrangements**

A collaborative arrangement is a contractual arrangement that involves a joint operating activity. These arrangements involve two or more parties who are both: (i) active participants in the activity; and (ii) exposed to significant risks and rewards dependent on the commercial success of the activity.

From time to time, we enter into collaborative arrangements for the R&D, manufacture and/or commercialization of products and/or product candidates. These collaborations generally provide for non-refundable upfront license fees, development and commercial performance milestone payments, cost sharing, royalty payments and/or profit sharing. Our collaboration agreements are performed with no guarantee of either technological or commercial success and each is unique in nature. Our significant arrangements are discussed below.

*Pfizer Inc.*

The co-promotion term of our Enbrel® collaboration agreement with Pfizer in the United States and Canada expired on October 31, 2013. Under the collaboration agreement in which we were the principal participant, Amgen and Pfizer shared in the agreed-upon selling and marketing expenses approved by a joint committee. We paid Pfizer a percentage of annual gross profits on our ENBREL sales in the United States and Canada on a scale that increased with gross profits; however, we maintained a majority share of ENBREL profits. Upon expiration of the co-promotion term, we are required to pay Pfizer residual royalties based on a declining percentage of annual net ENBREL sales in the United States and Canada for three years, ranging from 12% to 10%. The amounts of such payments are significantly less than what was owed based on the terms of the previous ENBREL profit share. Effective November 1, 2016, there will be no further royalty payments.

The aggregate net amounts due to Pfizer under this arrangement for the ENBREL profit share and the royalties on ENBREL sales after the expiration of the co-promotion term, net of their share of selling and marketing expense was $1.3 billion during each of the years ended December 31, 2013 and 2012. During the year ended December 31, 2014, royalties due to Pfizer on ENBREL sales were $509 million. These amounts are included in Selling, general and administrative expense in the Consolidated Statements of Income.

*Glaxo Group Limited*

On April 1, 2014, we entered into a Termination and Transition Agreement (the Transition Agreement) which terminated our collaboration with Glaxo Group Limited (Glaxo), a wholly owned subsidiary of GlaxoSmithKline plc, for the commercialization of denosumab for osteoporosis indications for all countries and regions, except for Australia. Prior to the Transition Agreement, the collaboration included the EU, Switzerland, Australia, Norway, Russia and Mexico. We continue to be in a collaboration for the commercialization of denosumab for osteoporosis indications in Australia. We share equally in the commercialization profits and losses related to the collaboration after accounting for expenses, including an amount payable to us in recognition of our discovery and development of denosumab. Glaxo is also responsible for bearing a portion of the cost of certain specified development activities.

Prior to the Transition Agreement, Amgen was the principal participant in the collaboration, and accordingly, we recorded product sales to third parties net of estimated returns, rebates and other deductions. During the years ended December 31, 2014, 2013 and 2012, product sales under the collaboration were $67 million, $219 million and $139 million, respectively. During the years end December 31, 2014, 2013 and 2012, net cost recoveries due to/from Glaxo under the collaboration agreement were not material.

*AstraZeneca Plc.*

We are in a collaboration with AstraZeneca Plc. (AstraZeneca) to jointly develop and commercialize certain monoclonal antibodies from Amgen's clinical inflammation portfolio, including brodalumab, AMG 139, AMG 157, AMG 181, AMG 557 and AMG 570. The agreement covers the worldwide development and commercialization of these antibodies, except for certain Asian countries for brodalumab and Japan for AMG 557 and AMG 570, which are licensed to other third parties.

Under the terms of the agreement, approximately 65% of related development costs for the 2012-2014 periods were funded by AstraZeneca; now, the companies share costs equally. If approved for sale, Amgen would receive a low-single-digit royalty rate for brodalumab and a mid-single-digit royalty rate for the rest of the portfolio, after which the worldwide commercialization profits and losses related to the collaboration products would be shared equally. In 2012, we received a payment of $50 million, in connection with the transfer of technology rights, which was recognized in Other revenues in the Consolidated Statement of Income. During the years ended December 31, 2014, 2013 and 2012, cost recoveries recognized for development costs were $110 million, $194 million and $28 million, respectively, which are included in Research and development expense in the Consolidated Statements of Income**.**

The collaboration agreement will continue in effect unless terminated in accordance with its terms.

*Takeda Pharmaceutical Company Limited*

In 2008, we entered into an arrangement with Takeda Pharmaceutical Company Limited (Takeda), that provided Takeda both: (i) the exclusive rights to develop and commercialize for the Japanese market up to 12 molecules, including Vectibix®, from our portfolio across a range of therapeutic areas, including oncology and inflammation (collectively the "Japanese market products") and (ii) the right to collaborate with us on the worldwide (outside Japan) development and commercialization of our product candidate, motesanib. In 2011, we announced that the motesanib pivotal phase 3 trial (MONET1) had not met its primary objective of demonstrating an improvement in overall survival in patients with advanced non-squamous non-small cell lung cancer.

In June 2012, the parties materially modified this arrangement such that Amgen licensed all of its rights to motesanib to Takeda, which now has control over the worldwide development and commercialization of motesanib. Upon modification, we immediately recognized $230 million of the deferred revenue that related to upfront payments we received in 2008 in Other revenues in the Consolidated Statement of Income.

During the years ended December 31, 2013 and 2012, cost recoveries from Takeda were $34 million and $74 million, respectively, and are included in Research and development expense in the Consolidated Statements of Income. There were no significant cost recoveries during the year ended December 31, 2014. In addition, for the years ended December 31, 2014, 2013 and 2012, we recognized royalties on sales of Vectibix® in Japan of $17 million, $18 million and $21 million respectively, in Other revenues in the Consolidated Statements of Income.

*UCB*

We are in a collaboration with UCB for the development and commercialization of romosozumab. Under the agreement, we received the rights to commercialize romosozumab for all indications in the United States, Canada, Mexico and Japan. UCB has the rights for all EU members at the time of first regulatory approval, Australia and New Zealand. Prior to commercialization, countries that have not been initially designated will be designated to Amgen or UCB in accordance with the terms of the agreement.

Generally, development costs are shared equally and we will share equally in the worldwide commercialization profits and losses related to the collaboration after accounting for expenses.

The collaboration agreement will continue in effect unless terminated earlier in accordance with its terms.

During the years ended December 31, 2014, 2013 and 2012, the net costs recovered from UCB were $96 million, $66 million, and $71 million, respectively, which are included in Research and development expense in the Consolidated Statements of Income.

*Bayer HealthCare Pharmaceuticals Inc.*

As a result of our acquisition of Onyx, we are now party to a collaboration with Bayer to jointly develop and commercialize Nexavar® worldwide, except in Japan. The rights to develop and market Nexavar® in Japan are reserved to Bayer. Bayer has no obligation to pay royalties to Amgen for sales of Nexavar® in Japan.

Nexavar® is currently marketed and sold in more than 100 countries around the world for the treatment of unresectable liver cancer and advanced kidney cancer. In the United States, Nexavar® is also approved for the treatment of patients with locally recurrent or metastatic, progressive, differentiated thyroid carcinoma refractory to radioactive iodine treatment. Under the related agreements, we are currently funding 50% of mutually agreed R&D costs worldwide, excluding Japan. In the United States, we co-promote Nexavar® with Bayer and share equally in the profits or losses. We contribute half of the overall number of sales force personnel required to market and promote Nexavar® and half of the medical science liaisons to support Nexavar® in the United States. In the United States, each party bears its own sales force and medical science liaison expenses which are not included in the calculation of the profits or losses of the collaboration. Outside of the United States, excluding Japan, Bayer manages all commercialization activities and incurs all of the sales and marketing expenditures, and we reimburse Bayer for half of those expenditures. In all countries outside of the United States, except Japan, we receive 50% of net profits on sales of Nexavar® after deducting certain Bayer-related costs.

The collaboration with Bayer will terminate when patents expire that were issued in connection with product candidates discovered under the agreements, or at the time when neither we nor Bayer are entitled to profit sharing under the agreement, whichever happens last.

Amgen is acting as an agent under the collaboration and as such, revenue is derived by calculating net sales of Nexavar® to third-party customers and deducting the cost of goods sold, distribution costs, marketing costs, phase 4 clinical trial costs, allocable overhead costs and certain other costs. During the year ended December 31, 2014 and the three months ended December 31, 2013, Amgen recorded a net Nexavar® collaboration profit of $324 million and $78 million, respectively which were recognized as Other revenues in the Consolidated Statements of Income. In addition, during the year ended December 31, 2014 and the three months ended December 31, 2013, net R&D expenses related to the collaboration of $40 million and $13 million, respectively, were recognized in the Consolidated Statements of Income.

*Other*

In addition to the collaborations discussed above, we have various others that are not individually significant to our business at this time. Pursuant to the terms of those agreements, we may be required to pay or we may receive additional amounts upon the achievement of various development and commercial milestones which in the aggregate could be significant. We may also incur or have reimbursed to us significant R&D costs if the related product candidate were to advance to late stage clinical trials. In addition, if any products related to these collaborations are approved for sale, we may be required to pay or we may receive significant royalties on future sales. The payment of these amounts, however, is contingent upon the occurrence of various future events, which have a high degree of uncertainty of occurring.

**8. Related party transactions**

We own a 50% interest in K-A, a corporation formed in 1984 with Kirin Holdings Company, Limited (Kirin) for the development and commercialization of certain products based on advanced biotechnology. All of our rights to manufacture and market certain products including pegfilgrastim, granulocyte colony-stimulating factor, darbepoetin alfa, recombinant human erythropoietin and romiplostim are pursuant to exclusive licenses from K-A, which we currently market under the brand names Neulasta®, NEUPOGEN®/GRANULOKINE®, Aranesp®, EPOGEN®, and Nplate®, respectively.

We account for our interest in K-A using the equity method and include our share of K-A's profits or losses in Selling, general and administrative expense in the Consolidated Statements of Income. Our share of K-A's profits and losses was a profit of $30 million and losses of $6 million and $24 million, for the years ended December 31, 2014, 2013 and 2012, respectively. The carrying value of our equity method investment in K-A was approximately $0.4 billion and $0.3 billion, as of December 31, 2014 and 2013, respectively, and is included in noncurrent Other assets in the Consolidated Balance Sheets.

K-A's revenues consist of royalty income related to its licensed technology rights. K-A receives royalty income from us, as well as from Kirin and Johnson & Johnson under separate product license contracts for certain geographic areas outside the United States. During the years ended December 31, 2014, 2013 and 2012, K-A earned royalties from us of $301 million, $272 million and $274 million, respectively. These amounts are included in Cost of sales in the Consolidated Statements of Income.

K-A's expenses consist primarily of costs related to R&D activities conducted on its behalf by Amgen and Kirin. K-A pays Amgen and Kirin for such services at negotiated rates. During the years ended December 31, 2014, 2013 and 2012, we earned revenues from K-A of $119 million, $117 million and $115 million, respectively, for certain R&D activities performed on K-A's behalf. These amounts are recognized as Other revenues in the Consolidated Statements of Income. We may also receive several individually immaterial milestones aggregating $85 million upon the achievement of various substantive success-based development and regulatory approval milestones contingent upon the occurrence of various future events, nearly half of which have a high degree of uncertainty of occurring. During the years ended December 31, 2014, 2013 and 2012, we recorded cost recoveries from K-A of $108 million, $218 million and $142 million, respectively, related to certain third-party costs. These amounts are included in Research and development expense in the Consolidated Statements of Income.

As of December 31, 2014 and 2013, we owed K-A $17 million and K-A owed us $22 million, respectively, which are included in Accrued liabilities and Other current assets, respectively, in the Consolidated Balance Sheets.

**9. Available-for-sale investments**

The amortized cost, gross unrealized gains, gross unrealized losses and estimated fair values of available-for-sale investments by type of security were as follows (in millions):

| Type of security as of December 31, 2014 | Amortized cost | Gross unrealized gains | Gross unrealized losses | Estimated fair value |
|---|---|---|---|---|
| U.S. Treasury securities | $ 3,632 | $ 22 | $ (8) | $ 3,646 |
| Other government-related debt securities: | | | | |
| U.S. | 530 | 1 | (3) | 528 |
| Foreign and other | 1,572 | 21 | (24) | 1,569 |
| Corporate debt securities: | | | | |
| Financial | 6,036 | 21 | (16) | 6,041 |
| Industrial | 6,394 | 23 | (66) | 6,351 |
| Other | 650 | 3 | (4) | 649 |
| Residential mortgage-backed securities | 1,708 | 4 | (10) | 1,702 |
| Other mortgage- and asset-backed securities | 1,837 | — | (41) | 1,796 |
| Money market mutual funds | 3,004 | — | — | 3,004 |
| Other short-term interest-bearing securities | 1,302 | — | — | 1,302 |
| Total interest-bearing securities | 26,665 | 95 | (172) | 26,588 |
| Equity securities | 98 | 48 | (2) | 144 |
| Total available-for-sale investments | $ 26,763 | $ 143 | $ (174) | $ 26,732 |

| Type of security as of December 31, 2013 | Amortized cost | Gross unrealized gains | Gross unrealized losses | Estimated fair value |
|---|---|---|---|---|
| U.S. Treasury securities | $ 4,737 | $ 2 | $ (9) | $ 4,730 |
| Other government-related debt securities: | | | | |
| U.S. | 1,087 | — | (8) | 1,079 |
| Foreign and other | 1,574 | 13 | (41) | 1,546 |
| Corporate debt securities: | | | | |
| Financial | 3,667 | 28 | (19) | 3,676 |
| Industrial | 3,745 | 36 | (21) | 3,760 |
| Other | 388 | 4 | (2) | 390 |
| Residential mortgage-backed securities | 1,478 | 3 | (21) | 1,460 |
| Other mortgage- and asset-backed securities | 1,555 | 1 | (45) | 1,511 |
| Money market mutual funds | 3,366 | — | — | 3,366 |
| Other short-term interest-bearing securities | 750 | — | — | 750 |
| Total interest-bearing securities | 22,347 | 87 | (166) | 22,268 |
| Equity securities | 85 | 10 | — | 95 |
| Total available-for-sale investments | $ 22,432 | $ 97 | $ (166) | $ 22,363 |

The fair values of available-for-sale investments by classification in the Consolidated Balance Sheets were as follows (in millions):

| | December 31, | |
|---|---|---|
| **Classification in the Consolidated Balance Sheets** | **2014** | **2013** |
| Cash and cash equivalents | $ 3,293 | $ 3,266 |
| Marketable securities | 23,295 | 15,596 |
| Other assets — noncurrent | 144 | 95 |
| Restricted investments | — | 3,406 |
| Total available-for-sale investments | $ 26,732 | $ 22,363 |

Cash and cash equivalents in the table above excludes cash of $438 million and $539 million as of December 31, 2014 and 2013, respectively. In 2013, $2,881 million of marketable securities, $526 million of cash and cash equivalents and $4 million of related interest receivable were reclassified to Restricted investments on our Consolidated Balance Sheet. Restricted investments in the table above excludes interest receivable of $6 million as of December 31, 2013.

The fair values of available-for-sale interest-bearing security investments by contractual maturity, except for mortgage- and asset-backed securities that do not have a single maturity date, were as follows (in millions):

| | December 31, | |
|---|---|---|
| **Contractual maturity** | **2014** | **2013** |
| Maturing in one year or less | $ 4,936 | $ 6,799 |
| Maturing after one year through three years | 6,829 | 4,785 |
| Maturing after three years through five years | 7,840 | 6,057 |
| Maturing after five years through ten years | 3,267 | 1,656 |
| Maturing after ten years | 218 | — |
| Mortgage- and asset-backed securities | 3,498 | 2,971 |
| Total interest-bearing securities | $ 26,588 | $ 22,268 |

For the years ended December 31, 2014, 2013 and 2012, realized gains totaled $149 million, $158 million and $186 million, respectively, and realized losses totaled $150 million, $83 million and $54 million, respectively. The cost of securities sold is based on the specific identification method.

The unrealized losses on available-for-sale investments and their related fair values were as follows (in millions):

| | Less than 12 months | | 12 months or greater | |
|---|---|---|---|---|
| **Type of security as of December 31, 2014** | **Fair value** | **Unrealized losses** | **Fair value** | **Unrealized losses** |
| U.S. Treasury securities | $ 1,770 | $ (7) | $ 171 | $ (1) |
| Other government-related debt securities: | | | | |
| U.S. | 160 | — | 178 | (3) |
| Foreign and other | 514 | (14) | 159 | (10) |
| Corporate debt securities: | | | | |
| Financial | 3,150 | (14) | 158 | (2) |
| Industrial | 3,931 | (62) | 222 | (4) |
| Other | 354 | (4) | 5 | — |
| Residential mortgage-backed securities | 614 | (4) | 413 | (6) |
| Other mortgage- and asset-backed securities | 1,071 | (8) | 561 | (33) |
| Equity securities | 78 | (2) | — | — |
| Total | $ 11,642 | $ (115) | $ 1,867 | $ (59) |

| Type of security as of December 31, 2013 | Less than 12 months | | 12 months or greater | |
|---|---|---|---|---|
| | Fair value | Unrealized losses | Fair value | Unrealized losses |
| U.S. Treasury securities | $ 2,362 | $ (9) | $ — | $ — |
| Other government-related debt securities: | | | | |
| U.S. | 789 | (8) | — | — |
| Foreign and other | 986 | (38) | 39 | (3) |
| Corporate debt securities: | | | | |
| Financial | 1,781 | (19) | — | — |
| Industrial | 1,543 | (21) | 1 | — |
| Other | 182 | (2) | — | — |
| Residential mortgage-backed securities | 794 | (14) | 257 | (7) |
| Other mortgage- and asset-backed securities | 982 | (29) | 313 | (16) |
| Total | $ 9,419 | $ (140) | $ 610 | $ (26) |

The primary objective of our investment portfolio is to enhance overall returns in an efficient manner while maintaining safety of principal, prudent levels of liquidity and acceptable levels of risk. Our investment policy limits interest-bearing security investments to certain types of debt and money market instruments issued by institutions with primarily investment grade credit ratings and places restrictions on maturities and concentration by asset class and issuer.

We review our available-for-sale investments for other-than-temporary declines in fair value below our cost basis each quarter and whenever events or changes in circumstances indicate that the cost basis of an asset may not be recoverable. This evaluation is based on a number of factors, including the length of time and the extent to which the fair value has been below our cost basis and adverse conditions related specifically to the security, including any changes to the credit rating of the security, and the intent to sell, or whether we will more likely than not be required to sell, the security before recovery of its amortized cost basis. Our assessment of whether a security is other-than-temporarily impaired could change in the future due to new developments or changes in assumptions related to any particular security. As of December 31, 2014 and 2013, we believe the costs basis for our available-for-sale investments were recoverable in all material aspects.

**10. Inventories**

Inventories consisted of the following (in millions):

| | December 31, | |
|---|---|---|
| | 2014 | 2013 |
| Raw materials | $ 198 | $ 217 |
| Work in process | 1,551 | 2,064 |
| Finished goods | 898 | 738 |
| Total inventories | $ 2,647 | $ 3,019 |

**11. Property, plant and equipment**

Property, plant and equipment consisted of the following (dollar amounts in millions):

| | | December 31, | |
|---|---|---|---|
| | Useful life (in years) | 2014 | 2013 |
| Land | — | $ 398 | $ 408 |
| Buildings and improvements | 10-40 | 3,612 | 3,467 |
| Manufacturing equipment | 8-12 | 1,711 | 2,024 |
| Laboratory equipment | 8-12 | 1,240 | 1,165 |
| Other | 3-15 | 4,112 | 4,107 |
| Construction in progress | — | 1,183 | 1,120 |
| Property, plant and equipment, gross | | 12,256 | 12,291 |
| Less accumulated depreciation and amortization | | (7,033) | (6,942) |
| Property, plant and equipment, net | | $ 5,223 | $ 5,349 |

During the years ended December 31, 2014, 2013 and 2012, we recognized depreciation and amortization charges associated with our property, plant and equipment of $716 million, $644 million and $689 million, respectively.

**12. Goodwill and other intangible assets**

*Goodwill*

The changes in the carrying amounts of goodwill were as follows (in millions):

| | During the years ended December 31, | |
|---|---|---|
| | 2014 | 2013 |
| Beginning balance | $ 14,968 | $ 12,662 |
| Goodwill related to acquisitions of businesses [1] | (114) | 2,397 |
| Currency translation and other adjustments | (66) | (91) |
| Ending balance | $ 14,788 | $ 14,968 |

[1] Composed of goodwill recognized on the acquisition dates of business combinations and subsequent adjustments to these amounts resulting from changes to the acquisition date fair values of net assets acquired in the business combinations recorded during their respective measurement periods.

*Identifiable intangible assets*

Identifiable intangible assets consisted of the following (in millions):

| | December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2014 | | | 2013 | | |
| | Gross carrying amount | Accumulated amortization | Intangible assets, net | Gross carrying amount | Accumulated amortization | Intangible assets, net |
| Finite-lived intangible assets: | | | | | | |
| Developed product technology rights | $ 10,826 | $ (4,155) | $ 6,671 | $ 10,130 | $ (3,347) | $ 6,783 |
| Licensing rights | 3,236 | (696) | 2,540 | 3,241 | (366) | 2,875 |
| R&D technology rights | 1,167 | (569) | 598 | 1,207 | (496) | 711 |
| Marketing-related rights | 1,241 | (512) | 729 | 619 | (366) | 253 |
| Total finite-lived intangible assets | 16,470 | (5,932) | 10,538 | 15,197 | (4,575) | 10,622 |
| Indefinite-lived intangible assets: | | | | | | |
| IPR&D | 2,155 | — | 2,155 | 2,640 | — | 2,640 |
| Total identifiable intangible assets | $ 18,625 | $ (5,932) | $ 12,693 | $ 17,837 | $ (4,575) | $ 13,262 |

Developed product technology rights consist of rights related to marketed products acquired in business combinations. Licensing rights are composed primarily of intangible assets acquired as part of the acquisition of Onyx (see Note 3, Business combinations), capitalized payments to third parties for milestones related to regulatory approvals to commercialize products and upfront payments associated with royalty obligations for marketed products. R&D technology rights consist of technology used in R&D with alternative future uses. Marketing-related intangible assets are composed primarily of rights related to the sale and distribution of marketed products, including licenses to filgrastim and pegfilgrastim acquired from Roche (see Note 3, Business combinations). Marketing-related intangible assets also includes $275 million paid to Glaxo during the year ended December 31, 2014, for the early termination of our agreement with them to commercialize denosumab in certain geographic areas (see Note 7, Collaborative arrangements). This transaction represents the reacquisition of a previously shared economic interest in geographic territories where we were already marketing denosumab and accordingly was accounted for as an acquisition of identifiable intangible assets.

IPR&D consists of R&D projects acquired in a business combination which are not complete due to remaining technological risks and/or lack of receipt of the required regulatory approvals. These projects include Kyprolis®, a treatment for multiple myeloma being developed for use outside the U.S. (excluding Japan) acquired in the Onyx transaction (see Note 3, Business combinations); AMG 416, a treatment for secondary hyperparathyroidism in patients with CKD who are on dialysis, and talimogene laherparepvec, a treatment for metastatic melanoma. In December 2014, we announced that the FDA has granted approval of BLINCYTO™ (blinatumomab) for the treatment of patients with Ph- relapsed or refractory B-cell precursor ALL. As a result, the $408 million

carrying value of BLINCYTO™, which we acquired in the acquisition of Micromet (see Note 3, Business combinations), was reclassified from IPR&D to Developed product technology rights during the fourth quarter of 2014, and is being amortized over its estimated useful life. In addition, during the year ended December 31, 2014, we recorded an impairment charge of $46 million for an IPR&D outlicensing program acquired in the acquisition of Micromet (see Note 3, Business combinations).

For all IPR&D projects, there are major risks and uncertainties associated with the timely and successful completion of development and commercialization of these product candidates, including our ability to confirm their safety and efficacy based on data from clinical trials, our ability to obtain necessary regulatory approvals and our ability to successfully complete these tasks within budgeted costs. We are not able to market a human therapeutic without obtaining regulatory approvals, and such approvals require completing clinical trials that demonstrate a product candidate is safe and effective. In addition, the availability and extent of coverage and reimbursement from third-party payers, including government healthcare programs and private insurance plans, impact the revenues a product can generate. Consequently, the eventual realized value, if any, of these acquired IPR&D projects may vary from their estimated fair values.

During the years ended December 31, 2014, 2013 and 2012, we recognized amortization charges associated with our finite-lived intangible assets, included primarily in Cost of sales in the Consolidated Statements of Income, of $1,376 million, $642 million and $397 million, respectively. The total estimated amortization for each of the next five years for our intangible assets is $1.4 billion, $1.3 billion, $1.2 billion, $1.0 billion and $957 million in 2015, 2016, 2017, 2018 and 2019, respectively.

**13. Accrued liabilities**

Accrued liabilities consisted of the following (in millions):

| | December 31, | |
|---|---|---|
| | 2014 | 2013 |
| Sales deductions | $ 1,379 | $ 1,248 |
| Employee compensation and benefits | 920 | 1,003 |
| Clinical development costs | 445 | 522 |
| Dividends payable | 601 | 460 |
| Sales returns reserve | 361 | 295 |
| Other | 1,590 | 1,127 |
| Total accrued liabilities | $ 5,296 | $ 4,655 |

**14. Financing arrangements**

The carrying values and the fixed contractual coupon rates of our long-term borrowings were as follows (in millions):

| | December 31, | |
|---|---|---|
| | 2014 | 2013 |
| 1.875% notes due 2014 (1.875% 2014 Notes) | $ — | $ 1,000 |
| 4.85% notes due 2014 (4.85% 2014 Notes) | — | 1,000 |
| 2.30% notes due 2016 (2.30% 2016 Notes) | 749 | 749 |
| 2.50% notes due 2016 (2.50% 2016 Notes) | 1,000 | 999 |
| Floating Rate Notes due 2017 | 600 | — |
| 1.25% notes due 2017 (1.25% 2017 Notes) | 849 | — |
| 2.125% notes due 2017 (2.125% 2017 Notes) | 1,249 | 1,248 |
| 5.85% notes due 2017 (5.85% 2017 Notes) | 1,100 | 1,099 |
| 6.15% notes due 2018 (6.15% 2018 Notes) | 500 | 500 |
| Master Repurchase Agreement obligation due 2018 | — | 3,100 |
| Term Loan due 2018 | 4,375 | 4,875 |
| 4.375% euro-denominated notes due 2018 (4.375% 2018 euro Notes) | 668 | 751 |
| Floating Rate Notes due 2019 | 250 | — |
| 2.20% notes due 2019 (2.20% 2019 Notes) | 1,398 | — |
| 5.70% notes due 2019 (5.70% 2019 Notes) | 999 | 999 |
| 2.125% euro-denominated notes due 2019 (2.125% 2019 euro Notes) | 814 | 925 |
| 4.50% notes due 2020 (4.50% 2020 Notes) | 300 | 300 |
| 3.45% notes due 2020 (3.45% 2020 Notes) | 898 | 898 |
| 4.10% notes due 2021 (4.10% 2021 Notes) | 998 | 998 |
| 3.875% notes due 2021 (3.875% 2021 Notes) | 1,747 | 1,746 |
| 3.625% notes due 2022 (3.625% 2022 Notes) | 747 | 747 |
| 3.625% notes due 2024 (3.625% 2024 Notes) | 1,398 | — |
| 5.50% pound-sterling-denominated notes due 2026 (5.50% 2026 pound sterling Notes) | 735 | 781 |
| 4.00% pound-sterling-denominated notes due 2029 (4.00% 2029 pound sterling Notes) | 1,076 | 1,144 |
| 6.375% notes due 2037 (6.375% 2037 Notes) | 899 | 899 |
| 6.90% notes due 2038 (6.90% 2038 Notes) | 499 | 499 |
| 6.40% notes due 2039 (6.40% 2039 Notes) | 996 | 996 |
| 5.75% notes due 2040 (5.75% 2040 Notes) | 697 | 697 |
| 4.95% notes due 2041 (4.95% 2041 Notes) | 596 | 596 |
| 5.15% notes due 2041 (5.15% 2041 Notes) | 2,233 | 2,233 |
| 5.65% notes due 2042 (5.65% 2042 Notes) | 1,245 | 1,244 |
| 5.375% notes due 2043 (5.375% 2043 Notes) | 1,000 | 1,000 |
| Other notes | 100 | 105 |
| Total debt | 30,715 | 32,128 |
| Less current portion | (500) | (2,505) |
| Total noncurrent debt | $ 30,215 | $ 29,623 |

*Debt repayments*

During the year ended December 31, 2014, we repaid $5.6 billion of debt, including the Master Repurchase Agreement, the 1.875% 2014 Notes, the 4.85% 2014 Notes, $500 million of principal on our Term Loan Credit Facility and $5 million of Other notes. During the year ended December 31, 2013, our 0.375% 2013 Convertible Notes matured/converted, and the $2.5 billion principal amount was settled in cash. We also repaid $742 million of convertible debt assumed in the acquisition of Onyx, $125 million of principal on our Term Loan Credit Facility and $4 million of Other notes. During the year ended December 31, 2012, we repaid $123 million of Other notes.

*Debt issuances*

We issued debt and debt securities in various offerings during the three years ended December 31, 2014, including:

- In 2014, we issued $4.5 billion aggregate principal amount of notes, comprised of the Floating Rate Notes due 2017, the 1.25% 2017 Notes, the Floating Rate Notes due 2019, the 2.20% 2019 Notes and the 3.625% 2024 Notes. The Floating Rate Notes due in 2017 and 2019 bear interest equal to three-month London Interbank Offered Rates (LIBOR) plus 0.38% and three-month LIBOR plus 0.60%, respectively, and are not subject to redemption at our option. The fixed rate notes that were issued may be redeemed at any time at our option, in whole or in part, at the principal amount of the notes being redeemed plus accrued and unpaid interest and, except as discussed below, a make-whole amount, as defined. The 2.20% 2019 Notes and 3.625% 2024 Notes may be redeemed without payment of a make-whole amount if they are redeemed on or after one month or three months, respectively, prior to their maturity dates. In the event of a change-in-control triggering event, as defined, we may be required to purchase all or a portion of the notes at a price equal to 101% of the principal amount of the notes plus accrued and unpaid interest.
- In 2013, we issued $8.1 billion of debt in connection with the acquisition of Onyx, comprised of obligations under a Master Repurchase Agreement and a Term Loan.
- In 2012, we issued $5.0 billion aggregate principal amount of notes, comprised of the 2.125% 2017 Notes, the 2.125% 2019 euro Notes (€675 million aggregate principal amount), the 3.625% 2022 Notes, the 4.00% 2029 pound sterling Notes (£700 million aggregate principal amount) and the 5.375% 2043 Notes.

Debt issuance costs incurred in connection with these debt issuances in 2014, 2013 and 2012 totaled $18 million, $46 million and $25 million, respectively. These debt issuance costs are being amortized over the respective lives of the debt, and the related charge is included in Interest expense, net, in the Consolidated Statements of Income.

All of our notes, other than our Floating Rate Notes and Other notes, may be redeemed at any time at our option, in whole or in part, at the principal amount of the notes being redeemed plus accrued interest and, except for specified time periods described above regarding the 2.20% 2019 Notes and 3.625% 2024 Notes, a make-whole amount, as defined. In addition, except with respect to our Other notes, in the event of a change-in-control triggering event, as defined, we may be required to purchase for cash all or a portion of these notes at a price equal to 101% of the principal amount of the notes plus accrued interest.

*Master Repurchase Agreement*

We entered into a Master Repurchase Agreement (Repurchase Agreement) pursuant to which Amgen sold 34,097 Class A preferred shares of one of its wholly-owned subsidiaries, ATL Holdings, on September 30, 2013. Pursuant to the Repurchase Agreement, we were obligated to repurchase the Class A preferred shares from the counterparties for the aggregate sale price of $3.1 billion, plus any accrued and unpaid payment obligations, no later than September 28, 2018. On May 22, 2014, we repurchased the shares for the aggregate sale price. While outstanding, we were obligated to make payments to the counterparties based on the sale price of the preferred shares at a floating interest rate based on the LIBOR plus 1.1%. The obligation to repurchase the preferred shares was accounted for as Long-term debt on our Consolidated Balance Sheet.

*Term Loan*

On October 1, 2013, we borrowed $5.0 billion under a Term Loan Credit Facility which bears interest at a floating rate based on LIBOR plus additional interest, initially 1%, which can vary based on the credit ratings assigned to our long-term debt by Standard & Poor's Financial Services LLC (S&P) and Moody's Investor Service, Inc. (Moody's). A total of $125 million of the principal amount of the loan is to be repaid at the end of each quarter, with the balance due on October 1, 2018. The outstanding balance of this loan may be prepaid in whole or in part at any time without penalty. This credit facility includes the same financial covenant as our revolving credit facility with respect to our level of borrowings in relation to our equity, as defined.

*Convertible Notes*

In 2006, we issued $2.5 billion principal amount of 0.375% 2013 Convertible Notes at par. The conversion value was payable in: (i) cash equal to the lesser of the principal amount of the note or the conversion value, as defined, and (ii) cash, shares of our common stock, or a combination of cash and shares of our common stock, at our option, to the extent the conversion value exceeded the principal amount of the note (the excess conversion value). In February 2013, our 0.375% 2013 Convertible Notes matured/converted, and accordingly, the $2.5 billion principal amount was settled in cash. We also elected to pay the note holders who converted their notes $99 million of cash for the excess conversion value, as allowed by the original terms of the notes.

Concurrent with the issuance of the 0.375% 2013 Convertible Notes, we purchased a convertible note hedge. The convertible note hedge allowed us to receive shares of our common stock and/or cash from the counterparty to the transaction equal to the amounts of common stock and/or cash related to the excess conversion value that we would issue and/or pay to the holders of the

0.375% 2013 Convertible Notes upon conversion. As a result of the conversion of the 0.375% 2013 Convertible Notes, we received $99 million of cash from the counterparty to offset the corresponding amount paid to the note holders.

On May 1, 2013, warrants to acquire 32 million shares of our common stock at an exercise price of $104.80 originally sold in connection with the issuance of the 0.375% 2013 Convertible Notes were exercised resulting in a net cash payment of $100 million.

Because the convertible note hedges and warrants could have been settled at our option in cash or shares of our common stock, and these contracts met all of the applicable criteria for equity classification under the applicable accounting standards, the cost of the convertible note hedges, the net proceeds from the sale of the warrants and the settlement of these contracts were classified in Stockholders' equity in the Consolidated Balance Sheets. In addition, because both of these contracts are classified in Stockholders' equity and were indexed to our common stock, they were not accounted for as derivatives.

Because these convertible notes were cash settleable, their debt and equity components were bifurcated and accounted for separately. The discounted carrying value of the debt component resulting from the bifurcation was accreted back to the principal amount over the period the notes were outstanding, resulting in the recognition of non-cash interest expense. The total aggregate amount repaid, including the amount related to the debt discount, is included in Cash flows from financing activities in the Consolidated Statement of Cash Flows. After giving effect to this bifurcation, the effective interest rate on the 0.375% 2013 Convertible Notes was 6.35%. For the years ended December 31, 2013 and 2012, total interest expenses for the 0.375% 2013 Convertibles Notes were $13 million and $151 million, respectively, including non-cash interest expenses of $12 million and $142 million, respectively. The carrying amount of the equity component of this debt remains at $829 million.

*Other notes*

Other notes include our notes due in 2097 with a carrying value of $100 million and debt assumed in the acquisition of MN which totaled $5 million at December 31, 2013.

*Interest rate swaps*

To achieve a desired mix of fixed and floating interest rate debt, we entered into interest rate swap contracts that effectively converted a fixed-rate interest coupon for certain of our debt issuances to a floating LIBOR-based coupon over the life of the respective note. These interest rate swap contracts qualified and are designated as fair value hedges. As of December 31, 2014, we had $6.65 billion notional amount of interest rate swap contracts outstanding, including $2.25 billion and $4.4 billion notional amounts of contracts which were entered into during the years ended December 31, 2014 and 2013, respectively. The effective interest rates on these notes after giving effect to the related interest rate swap contracts and the related notional amounts of the contracts were as follows as of December 31, 2014 (dollar amounts in millions):

**Originating during year ended December 31, 2014**

| Notes | Effective interest rate | Notional amount |
|---|---|---|
| 1.25% 2017 Notes | LIBOR + 0.4% | $ 850 |
| 2.20% 2019 Notes | LIBOR + 0.6% | 1,400 |
| | | $ 2,250 |

**Originating during year ended December 31, 2013**

| Notes | Effective interest rate | Notional amount |
|---|---|---|
| 3.45% 2020 Notes | LIBOR + 1.1% | $ 900 |
| 4.10% 2021 Notes | LIBOR + 1.7% | 1,000 |
| 3.875% 2021 Notes | LIBOR + 2.0% | 1,750 |
| 3.625% 2022 Notes | LIBOR + 1.6% | 750 |
| | | $ 4,400 |

We previously had interest rate swap contracts with an aggregate notional amount of $3.6 billion outstanding with rates that ranged from LIBOR plus 0.3% to LIBOR plus 2.6%. Due to historically low interest rates, we terminated all of these swap contracts in May 2012. See Note 17, Derivative instruments.

*Cross-currency swaps*

In order to hedge our exposure to foreign currency exchange rate risk associated with certain of our long-term notes denominated in foreign currencies, we entered into cross-currency swap contracts. The terms of these contracts effectively convert the interest payments and principal repayment on our 2.125% 2019 euro Notes, 5.50% 2026 pound sterling Notes and 4.00% 2029 pound sterling Notes from euros/pounds sterling to U.S. dollars. These cross-currency swap contracts have been designated as cash flow hedges. For information regarding the terms of these contracts, see Note 17, Derivative instruments.

*Shelf registration statements and other facilities*

As of December 31, 2014, we have a commercial paper program that allows us to issue up to $2.5 billion of unsecured commercial paper to fund our working capital needs. At December 31, 2014 and 2013, we had no amounts outstanding under our commercial paper program.

In July 2014, we entered into a $2.5 billion syndicated, unsecured, revolving credit agreement which is available for general corporate purposes or as a liquidity backstop to our commercial paper program. This agreement amended and restated our previous revolving credit agreement on substantially similar terms. The commitments under the revolving credit agreement may be increased by up to $500 million with the agreement of the banks. Each bank which is a party to the agreement has an initial commitment term of five years. This term may be extended for up to two additional one-year periods with the agreement of the banks. Annual commitment fees for this agreement are 0.1% based on our current credit rating. Generally, we would be charged interest at LIBOR plus 0.9% for any amounts borrowed under this facility. As of December 31, 2014 and 2013, no amounts were outstanding under this facility.

In February 2014, we filed a shelf registration statement with the SEC that allows us to issue unspecified amounts of debt securities; common stock; preferred stock; warrants to purchase debt securities, common stock, preferred stock or depository shares; rights to purchase common stock or preferred stock; securities purchase contracts; securities purchase units; and depository shares. Under this shelf registration statement, all of the securities available for issuance may be offered from time to time with terms to be determined at the time of issuance. This shelf registration statement expires in February 2017.

In 1997, we established a $400 million medium-term note program under which medium-term debt securities may be offered from time to time with terms to be determined at the time of issuance. As of December 31, 2014 and 2013, no securities were outstanding under this medium-term note program.

Certain of our financing arrangements contain non-financial covenants. In addition, our revolving credit agreement and Term Loan Credit Facility each include a financial covenant with respect to the level of our borrowings in relation to our equity, as defined. We were in compliance with all applicable covenants under these arrangements as of December 31, 2014.

*Contractual maturities of long-term debt obligations*

The aggregate contractual maturities of all long-term debt obligations due subsequent to December 31, 2014, are as follows (in millions):

| Maturity date | Amount |
|---|---|
| 2015 | $ 500 |
| 2016 | 2,250 |
| 2017 | 4,300 |
| 2018 | 4,045 |
| 2019 | 3,467 |
| Thereafter | 16,230 |
| Total | $ 30,792 |

*Interest costs*

Interest costs are expensed as incurred, except to the extent such interest is related to construction in progress, in which case interest is capitalized. Interest expense, net, for the years ended December 31, 2014, 2013 and 2012, was $1.1 billion, $1.0 billion and $1.1 billion, respectively. Interest costs capitalized for the years ended December 31, 2014, 2013 and 2012, were $18 million, $18 million and $26 million, respectively. Interest paid, including the ongoing impact and settlements of interest rate and cross currency swaps, during the years ended December 31, 2014, 2013 and 2012, totaled $1.1 billion, $1.1 billion and $0.5 billion, respectively.

**15. Stockholders' equity**

*Stock repurchase program*

Activity under our stock repurchase program was as follows (in millions):

| | During the years ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2014 | | 2013 | | 2012 | |
| | Shares | Dollars | Shares | Dollars | Shares | Dollars |
| First quarter | — | $ — | 9.1 | $ 771 | 21.0 | $ 1,429 |
| Second quarter | — | — | — | — | 17.4 | 1,203 |
| Third quarter | — | — | — | — | 9.7 | 797 |
| Fourth quarter | 0.9 | 153 | — | — | 14.2 | 1,233 |
| Total stock repurchases | 0.9 | $ 153 | 9.1 | $ 771 | 62.3 | $ 4,662 |

In October 2014, our Board of Directors approved an increase in the stock repurchase authorization that resulted in $4.0 billion available under our stock repurchase program. As of December 31, 2014, $3.8 billion remained available under our stock repurchase program.

*Dividends*

On each of December 15, 2011, and March 15, July 19 and October 10, 2012, the Board of Directors declared quarterly cash dividends of $0.36 per share of common stock, which were paid on March 7, June 7, September 7 and December 7, 2012, respectively. On each of December 13, 2012, March 6, July 26, and October 16, 2013, the Board of Directors declared quarterly cash dividends of $0.47 per share of common stock, which were paid on March 7, June 7, September 6, and December 6, 2013, respectively. On each of December 13, 2013, March 5, July 25 and October 17, 2014, the Board of Directors declared quarterly cash dividends of $0.61 per share of common stock, which were paid on March 7, June 6, September 5, and December 5, 2014, respectively.

Additionally, on December 17, 2014, the Board of Directors declared a quarterly cash dividend of $0.79 per share of common stock, which will be paid on March 6, 2015, to all stockholders of record as of the close of business on February 12, 2015.

*Accumulated other comprehensive income*

The components of accumulated other comprehensive income (AOCI) were as follows (in millions):

| | Foreign currency translation | Cash flow hedges | Available-for-sale securities | Other | AOCI |
|---|---|---|---|---|---|
| Balance as of December 31, 2011 | $ 21 | $ 43 | $ 120 | $ (13) | $ 171 |
| Foreign currency translation adjustments | (13) | — | — | — | (13) |
| Unrealized gains (losses) | — | 15 | 233 | (1) | 247 |
| Reclassification adjustments to income | — | (134) | (132) | — | (266) |
| Income taxes | 4 | 41 | (38) | — | 7 |
| Balance as of December 31, 2012 | 12 | (35) | 183 | (14) | 146 |
| Foreign currency translation adjustments | (71) | — | — | — | (71) |
| Unrealized gains (losses) | — | 88 | (284) | (1) | (197) |
| Reclassification adjustments to income | — | (85) | (75) | — | (160) |
| Other | — | — | — | (2) | (2) |
| Income taxes | (9) | (1) | 133 | — | 123 |
| Balance as of December 31, 2013 | (68) | (33) | (43) | (17) | (161) |
| Foreign currency translation adjustments | (218) | — | — | — | (218) |
| Unrealized gains | — | 298 | 37 | 1 | 336 |
| Reclassification adjustments to income | — | 203 | 1 | — | 204 |
| Other | — | — | — | 1 | 1 |
| Income taxes | 22 | (178) | (14) | — | (170) |
| Balance as of December 31, 2014 | $ (264) | $ 290 | $ (19) | $ (15) | $ (8) |

Income tax expenses/benefits for unrealized gains and losses and the related reclassification adjustments to income for cash flow hedges were a $104 million expense and $74 million expense in 2014, a $34 million expense and $33 million benefit in 2013 and a $8 million expense and $49 million benefit in 2012, respectively. Income tax expenses/benefits for unrealized gains and losses and the related reclassification adjustments to income for available-for-sale securities were a $14 million expense and $0 million for 2014, a $105 million benefit and $28 million benefit in 2013 and a $87 million expense and $49 million benefit in 2012, respectively.

The reclassifications out of AOCI to earnings were as follows (in millions):

| | Amounts reclassified out of AOCI | | |
|---|---|---|---|
| Components of AOCI | Year ended December 31, 2014 | Year ended December 31, 2013 | Line item affected in the Statements of Income |
| Cash flow hedges: | | | |
| Foreign currency contract gains | $ 28 | $ 4 | Product sales |
| Cross-currency swap contract (losses) gains | (230) | 82 | Interest and other income, net |
| Forward interest rate contract losses | (1) | (1) | Interest expense, net |
| | (203) | 85 | Total before income tax |
| | 74 | (33) | Tax benefit (expense) |
| | $ (129) | $ 52 | Net of taxes |
| Available-for-sale securities: | | | |
| Net realized (losses) gains | $ (1) | $ 75 | Interest and other income, net |
| | — | (28) | Tax expense |
| | $ (1) | $ 47 | Net of taxes |

*Other*

In addition to common stock, our authorized capital includes 5 million shares of preferred stock, $0.0001 par value. As of December 31, 2014 and 2013, no shares of preferred stock were issued or outstanding.

**16. Fair value measurement**

To estimate the fair value of our financial assets and liabilities we use valuation approaches within a hierarchy that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions about the inputs that market participants would use in pricing the asset or liability and are developed based on the best information available in the circumstances. The fair value hierarchy is divided into three levels based on the source of inputs as follows:

| | |
|---|---|
| Level 1 | — Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access |
| Level 2 | — Valuations for which all significant inputs are observable, either directly or indirectly, other than level 1 inputs |
| Level 3 | — Valuations based on inputs that are unobservable and significant to the overall fair value measurement |

The availability of observable inputs can vary among the various types of financial assets and liabilities. To the extent that the valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. In certain cases, the inputs used for measuring fair value may fall into different levels of the fair value hierarchy. In such cases, for financial statement disclosure purposes, the level in the fair value hierarchy within which the fair value measurement is categorized is based on the lowest level of input used that is significant to the overall fair value measurement.

The fair value of each major class of the Company's financial assets and liabilities measured at fair value on a recurring basis was as follows (in millions):

| Fair value measurement as of December 31, 2014, using: | Quoted prices in active markets for identical assets (Level 1) | Significant other observable inputs (Level 2) | Significant unobservable inputs (Level 3) | Total |
|---|---|---|---|---|
| **Assets:** | | | | |
| Available-for-sale investments: | | | | |
| U.S. Treasury securities | $ 3,646 | $ — | $ — | $ 3,646 |
| Other government-related debt securities: | | | | |
| U.S. | — | 528 | — | 528 |
| Foreign and other | — | 1,569 | — | 1,569 |
| Corporate debt securities: | | | | |
| Financial | — | 6,041 | — | 6,041 |
| Industrial | — | 6,351 | — | 6,351 |
| Other | — | 649 | — | 649 |
| Residential mortgage-backed securities | — | 1,702 | — | 1,702 |
| Other mortgage- and asset-backed securities | — | 1,796 | — | 1,796 |
| Money market mutual funds | 3,004 | — | — | 3,004 |
| Other short-term interest bearing securities | — | 1,302 | — | 1,302 |
| Equity securities | 144 | — | — | 144 |
| Derivatives: | | | | |
| Foreign currency contracts | — | 360 | — | 360 |
| Cross-currency swap contracts | — | 32 | — | 32 |
| Interest rate swap contracts | — | 46 | — | 46 |
| Total assets | $ 6,794 | $ 20,376 | $ — | $ 27,170 |
| **Liabilities:** | | | | |
| Derivatives: | | | | |
| Foreign currency contracts | $ — | $ 4 | $ — | $ 4 |
| Cross-currency swap contracts | — | 12 | — | 12 |
| Interest rate swap contracts | — | 26 | — | 26 |
| Contingent consideration obligations in connection with a business combination | — | — | 215 | 215 |
| Total liabilities | $ — | $ 42 | $ 215 | $ 257 |

| Fair value measurement as of December 31, 2013, using: | Quoted prices in active markets for identical assets (Level 1) | Significant other observable inputs (Level 2) | Significant unobservable inputs (Level 3) | Total |
|---|---|---|---|---|
| **Assets:** | | | | |
| Available-for-sale investments: | | | | |
| U.S. Treasury securities | $ 4,730 | $ — | $ — | $ 4,730 |
| Other government-related debt securities: | | | | |
| U.S. | — | 1,079 | — | 1,079 |
| Foreign and other | — | 1,546 | — | 1,546 |
| Corporate debt securities: | | | | |
| Financial | — | 3,676 | — | 3,676 |
| Industrial | — | 3,760 | — | 3,760 |
| Other | — | 390 | — | 390 |
| Residential mortgage-backed securities | — | 1,460 | — | 1,460 |
| Other mortgage- and asset-backed securities | — | 1,511 | — | 1,511 |
| Money market mutual funds | 3,366 | — | — | 3,366 |
| Other short-term interest-bearing securities | — | 750 | — | 750 |
| Equity securities | 95 | — | — | 95 |
| Derivatives: | | | | |
| Foreign currency contracts | — | 53 | — | 53 |
| Cross-currency swap contracts | — | 193 | — | 193 |
| Total assets | $ 8,191 | $ 14,418 | $ — | $ 22,609 |
| **Liabilities:** | | | | |
| Derivatives: | | | | |
| Foreign currency contracts | $ — | $ 107 | $ — | $ 107 |
| Cross-currency swap contracts | — | 4 | — | 4 |
| Interest rate swap contracts | — | 161 | — | 161 |
| Contingent consideration obligations in connection with business combinations | — | — | 595 | 595 |
| Total liabilities | $ — | $ 272 | $ 595 | $ 867 |

The fair values of our U.S. Treasury securities, money market mutual funds and equity securities are based on quoted market prices in active markets with no valuation adjustment.

Most of our other government-related and corporate debt securities are investment grade with maturity dates of five years or less from the balance sheet date. Our other government-related debt securities portfolio is composed of securities with weighted-average credit ratings of A or equivalent by S&P, Moody's or Fitch, Inc. (Fitch); and our corporate debt securities portfolio has a weighted-average credit rating of BBB+ or equivalent by S&P or Moody's and A- by Fitch. We estimate the fair values of these securities by taking into consideration valuations obtained from third-party pricing services. The pricing services utilize industry standard valuation models, including both income- and market-based approaches, for which all significant inputs are observable, either directly or indirectly, to estimate fair value. These inputs include reported trades of and broker/dealer quotes on the same or similar securities; issuer credit spreads; benchmark securities; and other observable inputs.

Our residential mortgage-, other mortgage- and asset-backed securities portfolio is composed entirely of senior tranches, with credit ratings of AAA by S&P, Moody's or Fitch. We estimate the fair values of these securities by taking into consideration valuations obtained from third-party pricing services. The pricing services utilize industry standard valuation models, including both income- and market-based approaches, for which all significant inputs are observable, either directly or indirectly, to estimate fair value. These inputs include reported trades of and broker/dealer quotes on the same or similar securities; issuer credit spreads; benchmark securities; prepayment/default projections based on historical data; and other observable inputs.

We value our other short-term interest-bearing securities at amortized cost, which approximates fair value given their near term maturity dates.

All of our foreign currency forward and option derivatives contracts have maturities of three years or less and all are with counterparties that have minimum credit ratings of A- or equivalent by S&P, Moody's or Fitch. We estimated the fair values of these contracts by taking into consideration valuations obtained from a third-party valuation service that utilizes an income-based industry standard valuation model for which all significant inputs are observable, either directly or indirectly. These inputs include foreign currency rates, LIBOR cash and swap rates and obligor credit default swap rates. In addition, inputs for our foreign currency option contracts also include implied volatility measures. These inputs, where applicable, are at commonly quoted intervals. See Note 17, Derivative instruments.

Our cross-currency swap contracts are with counterparties that have minimum credit ratings of A- or equivalent by S&P, Moody's or Fitch. We estimated the fair values of these contracts by taking into consideration valuations obtained from a third-party valuation service that utilizes an income-based industry standard valuation model for which all significant inputs are observable either directly or indirectly. These inputs include foreign currency exchange rates, LIBOR, swap rates, obligor credit default swap rates and cross-currency basis swap spreads. See Note 17, Derivative instruments.

Our interest rate swap contracts are with counterparties that have minimum credit ratings of A- or equivalent by S&P, Moody's or Fitch. We estimated the fair values of these contracts by using an income-based industry standard valuation model for which all significant inputs were observable either directly or indirectly. These inputs included LIBOR, swap rates and obligor credit default swap rates.

*Contingent consideration obligations*

We have incurred contingent consideration obligations as a result of our acquisition of a business and upon the assumption of contingent consideration obligations incurred by an acquired company discussed below. These contingent consideration obligations are recorded at their estimated fair values, and we revalue these obligations each reporting period until the related contingencies are resolved. The fair value measurements of these obligations are based on significant unobservable inputs related to product candidates acquired in the business combinations and are reviewed quarterly by management in our R&D and commercial sales organizations. These inputs include, as applicable, estimated probabilities and timing of achieving specified regulatory and commercial milestones and estimated annual sales. Significant changes which increase or decrease the probabilities of achieving the related regulatory and commercial events, shorten or lengthen the time required to achieve such events, or increase or decrease estimated annual sales would result in corresponding increases or decreases in the fair values of these obligations, as applicable. Changes in fair values of contingent consideration obligations are recognized in Other operating expenses in the Consolidated Statements of Income.

The changes in carrying amounts of contingent consideration obligations were as follows (in millions):

| | During the years ended December 31, | |
|---|---|---|
| | 2014 | 2013 |
| Beginning balance | $ 595 | $ 221 |
| Additions from Onyx acquisition | — | 261 |
| Net changes in valuation | (30) | 113 |
| Agreement with former Proteolix, Inc. shareholders | (225) | — |
| Payment to former BioVex Group, Inc. shareholders | (125) | — |
| Ending balance | $ 215 | $ 595 |

As a result of our acquisition of BioVex Group, Inc. (BioVex) in March 2011, we were obligated to pay its former shareholders up to $575 million of additional consideration contingent upon achieving separate regulatory and sales-related milestones with regard to talimogene laherparepvec, which was acquired in the acquisition. In July 2014, we submitted a Biologics License Application in the United States for regionally and distantly metastatic melanoma. In September 2014, we submitted a MAA to the EMA for the treatment of adults with regionally and distantly metastatic melanoma. As a result of the U.S. filing, we made a milestone payment of $125 million to the former BioVex shareholders during the fourth quarter of 2014. The remaining potential milestone payments include: (i) $125 million upon the first commercial sale in the United States following receipt of marketing approval for use of the product in specified patient populations, (ii) $125 million upon achievement of an agreed level of worldwide

sales within a specified period of time and (iii) up to $200 million of additional consideration of varying amounts upon achievement of certain other regulatory and sales-related milestones.

We estimate the fair values of the obligations to the former shareholders of BioVex by using a combination of probability-adjusted discounted cash flows, option pricing techniques and a simulation model of expected annual sales. As a result of our quarterly review of the key assumptions during the years ended December 31, 2014 and 2013, the estimated aggregate fair value of the contingent consideration obligations increased by $6 million and $113 million in the years ended December 31, 2014 and 2013, respectively.

We assumed contingent consideration obligations upon the acquisition of Onyx arising from Onyx's 2009 acquisition of Proteolix, Inc. These contingent consideration obligations were comprised of two separate milestone payments of $150 million each payable if Kyprolis® received specified marketing approvals for relapsed multiple myeloma on or before March 31, 2016, by each of the FDA and the EMA. See Note 3, Business combinations. In December 2014, we renegotiated the terms of these milestones and settled the contingent consideration obligations with the former shareholders of Proteolix, Inc. by agreeing to make a single payment of $225 million, which is currently expected to occur during the first quarter of 2015. Accordingly, this amount is shown as a deduction in the table above as there are no longer contingencies regarding the amounts of the obligations. We estimated the fair values of these contingent obligations each quarter by reviewing the key assumptions underlying the probability-adjusted discounted cash flows. During the year ended December 31, 2014, the fair value of these obligations decreased by $36 million. There was no significant change in the fair value of these contingent consideration obligations from the date of our acquisition of Onyx to December 31, 2013.

There have been no transfers of assets or liabilities between the fair value measurement levels, and there were no material remeasurements to fair value during the years ended December 31, 2014 and 2013, of assets and liabilities that are not measured at fair value on a recurring basis, except as discussed in Note 3, Business combinations, regarding the impairments of intangible assets, and Note 2, Restructuring and other cost savings initiatives.

*Summary of the fair value of other financial instruments*

*Cash equivalents*

The estimated fair values of cash equivalents approximate their carrying values due to the short-term nature of these financial instruments.

*Borrowings*

We estimated the fair value of our long-term debt (Level 2) by taking into consideration indicative prices obtained from a third-party financial institution that utilizes industry standard valuation models, including both income- and market-based approaches, for which all significant inputs are observable either directly or indirectly. These inputs include reported trades of and broker/dealer quotes on the same or similar securities; credit spreads; benchmark yields; foreign currency exchange rates, as applicable; and other observable inputs. As of December 31, 2014 and 2013, the aggregate fair values of our long-term debt were $33.6 billion and $33.5 billion, respectively, and the carrying values were $30.7 billion and $32.1 billion, respectively.

**17. Derivative instruments**

The Company is exposed to foreign currency exchange rate and interest rate risks related to its business operations. To reduce our risks related to these exposures, we utilize or have utilized certain derivative instruments, including foreign currency forward, foreign currency option, cross-currency swap, forward interest rate and interest rate swap contracts. We do not use derivatives for speculative trading purposes.

*Cash flow hedges*

We are exposed to possible changes in the values of certain anticipated foreign currency cash flows resulting from changes in foreign currency exchange rates, associated primarily with our euro-denominated international product sales. Increases and decreases in the cash flows associated with our international product sales due to movements in foreign currency exchange rates are offset partially by the corresponding increases and decreases in our international operating expenses resulting from these foreign currency exchange rate movements. To further reduce our exposure to foreign currency exchange rate fluctuations on our international product sales, we enter into foreign currency forward and option contracts to hedge a portion of our projected international product sales primarily over a three-year time horizon, with, at any given point in time, a higher percentage of nearer-term projected product sales being hedged than in successive periods. As of December 31, 2014, 2013 and 2012, we had open foreign currency forward contracts with notional amounts of $3.8 billion, $4.0 billion and $3.7 billion, respectively, and open

foreign currency option contracts with notional amounts of $271 million, $516 million and $200 million, respectively. These foreign currency forward and option contracts, primarily euro based, have been designated as cash flow hedges, and accordingly, the effective portions of the unrealized gains and losses on these contracts are reported in AOCI in the Consolidated Balance Sheets and reclassified to earnings in the same periods during which the hedged transactions affect earnings.

To hedge our exposure to foreign currency exchange rate risk associated with certain of our long-term notes denominated in foreign currencies, we entered into cross-currency swap contracts. Under the terms of these contracts, we paid euros/pounds sterling and received U.S. dollars for the notional amounts at the inception of the contracts, and we exchange interest payments based on these notional amounts at fixed rates over the lives of the contracts in which we pay U.S. dollars and receive euros/pounds sterling. In addition, we will pay U.S. dollars to and receive euros/pounds sterling from the counterparties at the maturities of the contracts for these same notional amounts. The terms of these contracts correspond to the related hedged notes, effectively converting the interest payments and principal repayment on these notes from euros/pounds sterling to U.S. dollars. These cross-currency swap contracts have been designated as cash flow hedges, and accordingly, the effective portions of the unrealized gains and losses on these contracts are reported in AOCI in the Consolidated Balance Sheets and reclassified to earnings in the same periods during which the hedged debt affects earnings.

The notional amounts and interest rates of our cross-currency swaps are as follows (notional amounts in millions):

| | Foreign currency | | | U.S. dollars | |
|---|---|---|---|---|---|
| **Hedged notes** | **Notional amount** | | **Interest rate** | **Notional amount** | **Interest rate** |
| 2.125% 2019 euro Notes | € | 675 | 2.125% | $ 864 | 2.6% |
| 5.50% 2026 pound sterling Notes | £ | 475 | 5.50% | $ 747 | 6.0% |
| 4.00% 2029 pound sterling Notes | £ | 700 | 4.00% | $ 1,111 | 4.5% |

In connection with the anticipated issuance of long-term fixed-rate debt, we occasionally enter into forward interest rate contracts in order to hedge the variability in cash flows due to changes in the applicable Treasury rate between the time we enter into these contracts and the time the related debt is issued. Gains and losses on such contracts, which are designated as cash flow hedges, are reported in AOCI in the Consolidated Balance Sheets and amortized into earnings over the lives of the associated debt issuances.

The effective portions of the unrealized gain/(loss) recognized in other comprehensive income for our derivative instruments designated as cash flow hedges were as follows (in millions):

| | Years ended December 31, | | |
|---|---|---|---|
| **Derivatives in cash flow hedging relationships** | **2014** | **2013** | **2012** |
| Foreign currency contracts | $ 452 | $ (44) | $ (63) |
| Cross-currency swap contracts | (154) | 132 | 85 |
| Forward interest rate contracts | — | — | (7) |
| Total | $ 298 | $ 88 | $ 15 |

The locations in the Consolidated Statements of Income and the effective portions of the gain/(loss) reclassified out of AOCI into earnings for our derivative instruments designated as cash flow hedges were as follows (in millions):

| | | Years ended December 31, | | |
|---|---|---|---|---|
| **Derivatives in cash flow hedging relationships** | **Statements of Income location** | **2014** | **2013** | **2012** |
| Foreign currency contracts | Product sales | $ 28 | $ 4 | $ 74 |
| Cross-currency swap contracts | Interest and other income, net | (230) | 82 | 61 |
| Forward interest rate contracts | Interest expense, net | (1) | (1) | (1) |
| Total | | $ (203) | $ 85 | $ 134 |

No portions of our cash flow hedge contracts are excluded from the assessment of hedge effectiveness, and the gains and losses of the ineffective portions of these hedging instruments were not material for the years ended December 31, 2014, 2013 and 2012. As of December 31, 2014, the amounts expected to be reclassified out of AOCI into earnings over the next 12 months

are approximately $161 million of net gains on our foreign currency and cross-currency swap contracts and approximately $1 million of losses on forward interest rate contracts.

*Fair value hedges*

To achieve a desired mix of fixed and floating interest rates on our long-term debt, we entered into interest rate swap contracts, which qualified and are designated as fair value hedges. The terms of these interest rate swap contracts correspond to the related hedged debt instruments and effectively converted a fixed interest rate coupon to a floating LIBOR-based coupon over the lives of the respective notes. During the year ended December 31, 2014, we entered into interest rate swap contracts with an aggregate notional amount of $2.25 billion with respect to our 1.25% 2017 Notes and our 2.20% 2019 Notes. The contracts have rates that range from three-month LIBOR plus 0.4% to three-month LIBOR plus 0.6%. During the year ended December 31, 2013, we entered into interest rate swap contracts with an aggregate notional amount of $4.4 billion with respect to our 3.45% 2020 Notes, 4.10% 2021 Notes, 3.875% 2021 Notes and 3.625% 2022 Notes. The contracts have rates that range from three-month LIBOR plus 1.1% to three-month LIBOR plus 2.0%.

In addition, we previously had interest rate swap contracts outstanding with an aggregate notional amount of $3.6 billion with respect to our 4.85% 2014 Notes, 5.85% 2017 Notes, 6.15% 2018 Notes and 5.70% 2019 Notes with rates that ranged from LIBOR 0.3% to LIBOR plus 2.6%. Due to historically low interest rates, in May 2012 we terminated all of these contracts resulting in the receipt of $397 million from the counterparties, which was included in Net cash provided by operating activities in the Consolidated Statements of Cash Flows. This amount is being recognized in Interest expense, net, in the Consolidated Statements of Income over the remaining lives of the related debt issuances.

For derivative instruments that are designated and qualify as fair value hedges, the unrealized gain or loss on the derivative resulting from the change in fair value during the period as well as the offsetting unrealized loss or gain of the hedged item resulting from the change in fair value during the period attributable to the hedged risk is recognized in current earnings. During the years ended December 31, 2014 and 2012, we included the unrealized losses on the hedged debt of $181 million and $20 million, respectively, in the same line item, Interest expense, net, in the Consolidated Statements of Income, as the offsetting unrealized gains of $181 million and $20 million, respectively, on the related interest rate swap agreements. During the year ended December 31, 2013 we included the unrealized gains on the hedged debt of $161 million in the same line item, Interest expense, net, in the Consolidated Statement of Income, as the offsetting unrealized losses of $161 million on the related interest rate swap agreements.

*Derivatives not designated as hedges*

We enter into foreign currency forward contracts that are not designated as hedging transactions to reduce our exposure to foreign currency fluctuations of certain assets and liabilities denominated in foreign currencies. These exposures are hedged on a month-to-month basis. As of December 31, 2014, 2013 and 2012, the total notional amounts of these foreign currency forward contracts were $875 million, $999 million and $629 million, respectively.

The location in the Consolidated Statements of Income and the amount of gain/(loss) recognized in earnings for our derivative instruments not designated as hedging instruments were as follows (in millions):

| | | Years ended December 31, | | |
|---|---|---|---|---|
| **Derivatives not designated as hedging instruments** | **Statements of Income location** | **2014** | **2013** | **2012** |
| Foreign currency contracts | Interest and other income, net | $ (10) | $ 15 | $ 19 |

The fair values of derivatives included in the Consolidated Balance Sheets were as follows (in millions):

| | Derivative assets | | Derivative liabilities | |
|---|---|---|---|---|
| **December 31, 2014** | **Balance Sheet location** | **Fair value** | **Balance Sheet location** | **Fair value** |
| **Derivatives designated as hedging instruments:** | | | | |
| Cross-currency swap contracts | Other current assets/ Other noncurrent assets | $ 32 | Accrued liabilities/ Other noncurrent liabilities | $ 12 |
| Foreign currency contracts | Other current assets/ Other noncurrent assets | 356 | Accrued liabilities/ Other noncurrent liabilities | — |
| Interest rate swap contracts | Other current assets/ Other noncurrent assets | 46 | Accrued liabilities/ Other noncurrent liabilities | 26 |
| Total derivatives designated as hedging instruments | | 434 | | 38 |
| **Derivatives not designated as hedging instruments:** | | | | |
| Foreign currency contracts | Other current assets | 4 | Accrued liabilities | 4 |
| Total derivatives not designated as hedging instruments | | 4 | | 4 |
| Total derivatives | | $ 438 | | $ 42 |

| | Derivative assets | | Derivative liabilities | |
|---|---|---|---|---|
| **December 31, 2013** | **Balance Sheet location** | **Fair value** | **Balance Sheet location** | **Fair value** |
| **Derivatives designated as hedging instruments:** | | | | |
| Cross-currency swap contracts | Other current assets/ Other noncurrent assets | $ 193 | Accrued liabilities/ Other noncurrent liabilities | $ 4 |
| Foreign currency contracts | Other current assets/ Other noncurrent assets | 53 | Accrued liabilities/ Other noncurrent liabilities | 104 |
| Interest rate swap contracts | Other current assets/ Other noncurrent assets | — | Accrued liabilities/ Other noncurrent liabilities | 161 |
| Total derivatives designated as hedging instruments | | 246 | | 269 |
| **Derivatives not designated as hedging instruments:** | | | | |
| Foreign currency contracts | Other current assets | — | Accrued liabilities | 3 |
| Total derivatives not designated as hedging instruments | | — | | 3 |
| Total derivatives | | $ 246 | | $ 272 |

Our derivative contracts that were in liability positions as of December 31, 2014, contain certain credit-risk-related contingent provisions that would be triggered if: (i) we were to undergo a change in control and (ii) our or the surviving entity's creditworthiness deteriorates, which is generally defined as having either a credit rating that is below investment grade or a materially weaker creditworthiness after the change in control. If these events were to occur, the counterparties would have the right, but not the obligation, to close the contracts under early-termination provisions. In such circumstances, the counterparties could request immediate settlement of these contracts for amounts that approximate the then current fair values of the contracts. In addition, our derivative contracts are not subject to any type of master netting arrangement, and amounts due to or from a counterparty under these contracts may only be offset against other amounts due to or from the same counterparty if an event of default or termination, as defined, were to occur.

The cash flow effects of our derivative contracts for the three years ended December 31, 2014, are included within Net cash provided by operating activities in the Consolidated Statements of Cash Flows.

**18. Contingencies and commitments**

*Contingencies*

In the ordinary course of business, we are involved in various legal proceedings and other matters—including those discussed in this Note—that are complex in nature and have outcomes that are difficult to predict.

We record accruals for loss contingencies to the extent that we conclude that it is probable that a liability has been incurred and the amount of the related loss can be reasonably estimated. We evaluate, on a quarterly basis, developments in legal proceedings and other matters that could cause an increase or decrease in the amount of the liability that has been accrued previously.

Our legal proceedings range from cases brought by a single plaintiff to class actions with thousands of putative class members. These legal proceedings, as well as other matters, involve various aspects of our business and a variety of claims—including but not limited to patent infringement, marketing, pricing and trade practices and securities law—some of which present novel factual allegations and/or unique legal theories. In each of the matters described in this filing, plaintiffs seek an award of a not-yet-quantified amount of damages or an amount that is not material. In addition, a number of the matters pending against us are at very early stages of the legal process (which in complex proceedings of the sort faced by us often extend for several years). As a result, none of the matters described in this filing have progressed sufficiently through discovery and/or development of important factual information and legal issues to enable us to estimate a range of possible loss, if any, or such amounts are not material. While it is not possible to accurately predict or determine the eventual outcomes of these items, an adverse determination in one or more of these items currently pending could have a material adverse effect on our consolidated results of operations, financial position or cash flows.

Certain of our legal proceedings and other matters are discussed below:

*Sandoz Patent Litigation*

On June 24, 2013, Sandoz, Inc. filed suit in the U.S. District Court for the Northern District of California (the California Northern District Court) against Amgen and Roche. Sandoz's complaint alleges that Sandoz has initiated a phase 3 clinical study of an etanercept product in patients with moderate to severe chronic plaque-type psoriasis, and that Sandoz intends to seek FDA regulatory approval to market and sell etanercept in the United States upon completion of the clinical trial. Sandoz seeks a declaratory judgment of non-infringement, invalidity and unenforceability of U.S. Patent Nos. 8,063,182 and 8,163,522. These patents are owned by Roche, and Amgen holds an exclusive license to these patents. The '182 and '522 patents expire in November 2028 and April 2029, respectively. On defendants' motion, the California Northern District Court entered judgment dismissing the case for lack of subject matter jurisdiction on November 19, 2013. On December 12, 2013, Sandoz appealed the dismissal to the U.S. Court of Appeals for the Federal Circuit. On December 5, 2014, the appellate court affirmed the California Northern District Court's dismissal of Sandoz's complaint.

*Sanofi/Regeneron Patent Litigation*

On October 17, 2014, Amgen filed a lawsuit in the U.S. District Court of Delaware (the Delaware District Court) against Sanofi, Aventisub LLC, formerly doing business as Aventis Pharmaceuticals Inc. (collectively Sanofi), and Regeneron Pharmaceuticals, Inc. (Regeneron) for patent infringement of U.S. Patent Nos. 8,563,698, 8,829,165 and 8,859,741. On October 28, 2014, November 11, 2014, and November 17, 2014, Amgen filed related patent infringement lawsuits in the same court against Sanofi and Regeneron on newly issued U.S. Patent Nos. 8,871,913 and 8,871,914, U.S. Patent No. 8,883,983 and U.S. Patent No. 8,889,834, respectively. These seven patents, which are owned by Amgen, describe and claim monoclonal antibodies to proprotein convertase subtilisin/kexin type 9 (PCSK9). By its complaints, Amgen seeks an injunction to prevent the infringing manufacture, use and sale of Sanofi and Regeneron's alirocumab, a monoclonal antibody targeting PCSK9. On December 15, 2014, Sanofi and Regeneron filed their answer and, on that same day, the Delaware District Court consolidated these lawsuits into a single case.

*Sandoz Filgrastim Litigation*

On October 24, 2014, Amgen Inc. and Amgen Manufacturing, Limited (collectively Amgen) filed a lawsuit in the California Northern District Court against Sandoz Inc., Sandoz International GmbH and Sandoz GmbH (collectively Sandoz) for unfair competition under California Business & Professions Code § 17200, conversion under California common law and infringement of U.S. Patent No. 6,162,427. The lawsuit stems from Sandoz filing an application for FDA licensure of a filgrastim product as biosimilar to NEUPOGEN® under the Biologics Price Competition and Innovation Act (BPCIA), while having deliberately failed

to comply with the BPCIA's disclosure requirement to Amgen as the reference product sponsor. By its complaint, Amgen seeks, amongst other remedies, an injunction to cease Sandoz's unauthorized reliance on Amgen's biological license for filgrastim, including an order compelling Sandoz to suspend FDA review of their application until there is restitution for its non-compliance with the BPCIA, an injunction to prevent Sandoz from commercially marketing the biosimilar product until Amgen is restored to the position it would have been in had Sandoz met their obligations under the BPCIA and an injunction to prevent Sandoz from infringing, or inducing any infringing use of, filgrastim. On November 20, 2014, Sandoz Inc. filed its answer to the complaint. On January 6, 2015, Amgen filed a motion for partial judgment on the pleadings, and on January 23, 2015, Sandoz filed a cross-motion for judgment on the pleadings. On February 5, 2015, Amgen filed a motion for a preliminary injunction. A hearing on these three motions has been set for March 13, 2015.

*Onyx Litigation*

Between August 28, 2013 and September 16, 2013, nine plaintiffs filed purported class action lawsuits against Onyx, its directors, Amgen and Arena Acquisition Company (Arena), and unnamed "John Doe" defendants in connection with Amgen's acquisition of Onyx. Seven of those purported class actions were brought in the Superior Court of the State of California for the County of San Mateo, captioned *Lawrence I. Silverstein and Phil Rosen v. Onyx Pharmaceuticals, Inc., et al.* (August 28, 2013) ("*Silverstein*"), *Laura Robinson v. Onyx Pharmaceuticals, Inc., et al.* (originally filed in the Superior Court for the County of San Francisco on August 28, 2013, and re-filed in the Superior Court for the County of San Mateo on August 29, 2013) ("*Robinson*"), *John Solak v. Onyx Pharmaceuticals, Inc., et al.* (August 30, 2013), *Louisiana Municipal Police Employees' Retirement System and Hubert Chow v. Onyx Pharmaceuticals, Inc., et al.* (September 3, 2013) ("*Louisiana Municipal*"), *Laurine Jonopulos v. Onyx Pharmaceuticals, Inc., et al.* (September 4, 2013) ("*Jonopulos*"), *Clifford G. Martin v. Onyx Pharmaceuticals, Inc., et al*. (September 9, 2013) ("*Martin*") and *Merrill L. Magowan v. Onyx Pharmaceuticals, Inc. et al.* (September 9, 2013) ("*Magowan*"). The eighth and ninth purported class actions were brought in the Court of Chancery of the State of Delaware, captioned *Mark D. Smilow, IRA v. Onyx Pharmaceuticals Inc., et al.* (August 29, 2013) and *William L. Fitzpatric v. Onyx Pharmaceuticals, Inc., et al.* (September 16, 2013) ("*Fitzpatric*"). On September 5, 2013, the plaintiff in the *John Solak* case filed a request for dismissal of the case without prejudice. On September 10, 2013, the plaintiff in the *Mark D. Smilow, IRA* case filed a notice and proposed order of voluntary dismissal of the case without prejudice. On September 10, 2013, plaintiffs in the *Silverstein* and *Louisiana Municipal* cases filed an amended complaint alleging substantially the same claims and seeking substantially the same relief as in their individual purported class action lawsuits. Each of the lawsuits alleges that the Onyx director defendants breached their fiduciary duties to Onyx shareholders, and that the other defendants aided and abetted such breaches, by seeking to sell Onyx through an allegedly unfair process and for an unfair price and on unfair terms. The *Magowan* and *Fitzpatric* complaints and the amended complaint filed in the *Silverstein* and *Louisiana Municipal* cases also alleged that the individual defendants breached their fiduciary duties with respect to the contents of the tender offer solicitation material. Each of the lawsuits sought, among other things, rescission of the merger agreement and attorneys' fees and costs, and certain of the lawsuits sought other relief. The *Silverstein*, *Robinson*, *Louisiana Municipal* and *Jonopulos* cases were designated as "complex" and assigned to the Honorable Marie S. Weiner, who subsequently entered an order consolidating the *Silverstein*, *Robinson*, *Louisiana Municipal*, *Jonopulos*, *Martin* and *Magowan* cases (the Consolidated Cases). On October 31, 2013, the plaintiffs in the Consolidated Cases filed a consolidated class action complaint seeking certification of a class and alleging breach of fiduciary duties of loyalty and good faith against the Onyx directors and aiding and abetting breach of fiduciary duties against Onyx. The complaint sought certification of a class of all Onyx shareholders, damages (including pre- and post-judgment interest), attorneys' fees and expenses plus other relief. The plaintiffs in the Consolidated Cases simultaneously filed a notice of dismissal without prejudice of Amgen and Arena. Onyx and the Onyx directors filed demurrers to the consolidated class action complaint on November 22, 2013. Following a January 3, 2014 hearing, on January 9, 2014, the court entered an order overruling the demurrer on the breach of fiduciary duty of loyalty and good faith against the Onyx directors and sustained the demurrer without leave to amend against Onyx. On March 21, 2014, plaintiff Phil Rosen filed a motion seeking to certify a class and to be designated class representative, and on January 30, 2015, the court granted class certification and appointed Mr. Rosen as class representative in the Consolidated Cases.

*Federal Securities Litigation - In re Amgen Inc. Securities Litigation*

The six federal class action stockholder complaints filed against Amgen Inc., Kevin W. Sharer, Richard D. Nanula, Dennis M. Fenton, Roger M. Perlmutter, Brian M. McNamee, George J. Morrow, Edward V. Fritzky, Gilbert S. Omenn and Franklin P. Johnson, Jr., (the Federal Defendants) in the U.S. District Court for the Central District of California (the California Central District Court) on April 17, 2007 (*Kairalla v. Amgen Inc., et al.*), May 1, 2007 (*Mendall v. Amgen Inc., et al., & Jaffe v. Amgen Inc., et al.*), May 11, 2007 (*Eldon v. Amgen Inc., et al.*), May 21, 2007 (*Rosenfield v. Amgen Inc., et al.*) and June 18, 2007 (*Public Employees' Retirement Association of Colorado v. Amgen Inc., et al.*) were consolidated by the California Central District Court into one action captioned *In re Amgen Inc. Securities Litigation*. The consolidated complaint was filed with the California Central District Court on October 2, 2007. The consolidated complaint alleges that Amgen and these officers and directors made false statements that

resulted in: (i) deceiving the investing public regarding Amgen's prospects and business; (ii) artificially inflating the prices of Amgen's publicly traded securities and (iii) causing plaintiff and other members of the class to purchase Amgen publicly traded securities at inflated prices. The complaint also makes off-label marketing allegations that, throughout the class period, the Federal Defendants improperly marketed Aranesp® and EPOGEN® for off-label uses while aware that there were alleged safety signals with these products. The plaintiffs seek class certification, compensatory damages, legal fees and other relief deemed proper. The Federal Defendants filed a motion to dismiss on November 8, 2007. On February 4, 2008, the California Central District Court granted in part, and denied in part, the Federal Defendants' motion to dismiss the consolidated amended complaint. Specifically, the California Central District Court granted the Federal Defendants' motion to dismiss as to individual defendants Fritzky, Omenn, Johnson, Fenton and McNamee, but denied the Federal Defendants' motion to dismiss as to individual defendants Sharer, Nanula, Perlmutter and Morrow.

A class certification hearing before the California Central District Court, was held on July 17, 2009, and on August 12, 2009, the California Central District Court granted plaintiffs' motion for class certification. On August 28, 2009, Amgen filed a petition for permission to appeal with the U.S. Court of Appeals for the Ninth Circuit (the Ninth Circuit Court) under Rule 23(f), regarding the Order on Class Certification and the Ninth Circuit Court granted Amgen's permission to appeal on December 11, 2009. On February 2, 2010, the California Central District Court granted Amgen's motion to stay the underlying action pending the outcome of the Ninth Circuit Court 23(f) appeal. On October 14, 2011, the appeal under Rule 23(f) was argued before the Ninth Circuit Court and on December 28, 2011, the Ninth Circuit Court denied the appeal. Amgen filed a petition for certiorari with the U.S. Supreme Court on March 3, 2012, and on June 11, 2012, the Court granted Amgen's petition. Oral argument occurred on November 5, 2012. On February 27, 2013, the U.S. Supreme Court affirmed the decision of the Ninth Circuit Court and remanded the case back to the California Central District Court for further proceedings. A revised July 28, 2015, trial date has been set by the California Central District Court.

On April 14, 2014, the California Central District Court entered an order allowing plaintiffs leave to file a second consolidated amended class action complaint in this securities class action lawsuit. While the new complaint was filed under seal, like the first consolidated class action complaint the new complaint alleges that the Federal Defendants made false statements that resulted in: (i) deceiving the investing public regarding Amgen's prospects and business; (ii) artificially inflating the prices of Amgen's publicly traded securities and (iii) causing plaintiff and other members of the class to purchase Amgen publicly traded securities at inflated prices. In addition, like the first consolidated class action complaint, the new complaint makes off-label marketing allegations that, throughout the class period, the Federal Defendants improperly marketed Aranesp® and EPOGEN® for off-label uses while aware that there were alleged safety signals with these products. The named defendants have not changed and the alleged class period remains the same. Plaintiffs continue to seek compensatory damages, legal fees and other relief deemed proper.

On May 5, 2014, plaintiffs filed an unsealed, redacted version of their second consolidated amended complaint. On May 13, 2014, the Federal Defendants filed a motion to dismiss that complaint. On August 4, 2014, the court issued an order granting the Federal Defendants' motion to dismiss with respect to certain of the misrepresentations alleged in the complaint and otherwise denying the motion to dismiss. Following the court's order, the complaint continues to allege that the Federal Defendants made false statements that resulted in: (i) deceiving the investing public regarding Amgen's prospects and business; (ii) artificially inflating the prices of Amgen's publicly traded securities; and (iii) causing plaintiff and other members of the class to purchase Amgen publicly traded securities at inflated prices. The complaint also continues to make off-label marketing allegations that, throughout the class period, the Federal Defendants improperly marketed Aranesp® and EPOGEN® for off-label uses while aware that there were alleged safety signals with these products. The named defendants have not changed and the alleged class period remains the same.

*State Derivative Litigation*

*Larson v. Sharer, et al.*

The three state stockholder derivative complaints filed against Amgen Inc., Kevin W. Sharer, George J. Morrow, Dennis M. Fenton, Brian M. McNamee, Roger M. Perlmutter, David Baltimore, Gilbert S. Omenn, Judith C. Pelham, Frederick W. Gluck, Jerry D. Choate, J. Paul Reason, Frank J. Biondi, Jr., Leonard D. Schaeffer, Frank C. Herringer, Richard D. Nanula, Willard H. Dere, Edward V. Fritzky, Franklin P. Johnson, Jr. and Donald B. Rice as defendants (the State Defendants) on May 1, 2007 (*Larson v. Sharer, et al.*, & *Anderson v. Sharer, et al.*), and August 13, 2007 (*Weil v. Sharer, et al.*) in the Superior Court of the State of California, Ventura County (the Superior Court) were consolidated by the Superior Court under one action captioned *Larson v. Sharer, et al*. The consolidated complaint was filed on July 5, 2007. The complaint alleges that the State Defendants breached their fiduciary duties, wasted corporate assets, were unjustly enriched and violated the California Corporations Code. Plaintiffs allege that the State Defendants failed to disclose and/or misrepresented results of Aranesp® clinical studies, marketed both Aranesp® and EPOGEN® for off-label uses and that these actions or inactions caused stockholders to suffer damages. The complaints also

allege insider trading by the State Defendants. The plaintiffs seek treble damages based on various causes of action, reformed corporate governance, equitable and/or injunctive relief, restitution, disgorgement of profits, benefits and other compensation, and legal costs.

An amended consolidated complaint was filed on March 13, 2008, adding Anthony Gringeri as a State Defendant and removing the causes of action for insider selling and misappropriation of information, violation of California Corporations Code Section 25402 and violation of California Corporations Code Section 25403. On July 14, 2008, the Superior Court dismissed without prejudice the consolidated state derivative class action. The judge also ordered a stay of any re-filing of an amended complaint until the federal court has determined in the *In re Amgen Inc. Securities Litigation* action whether any securities fraud occurred. On July 3, 2013, the parties filed a stipulation to permit the plaintiffs to file an amended complaint asserting additional grounds for the defendants' alleged breaches of fiduciary duty.

*Federal Derivative Litigation*

On May 7, 2007, the stockholder derivative lawsuit of *Durgin v. Sharer, et al.*, was filed in the California Central District Court and named Amgen Inc., Kevin W. Sharer, George J. Morrow, Dennis M. Fenton, Brian M. McNamee, Roger M. Perlmutter, David Baltimore, Gilbert S. Omenn, Judith C. Pelham, Frederick W. Gluck, Jerry D. Choate, J. Paul Reason, Frank J. Biondi, Jr., Leonard D. Schaeffer, Frank C. Herringer, Richard D. Nanula, Edward V. Fritzky and Franklin P. Johnson, Jr. as defendants. The complaint alleges the same claims and requests the same relief as in the three state stockholder derivative complaints now consolidated as *Larson v. Sharer, et al*. The case has been stayed for all purposes until thirty days after a final ruling on the motion to dismiss by the California Central District Court in the *In re Amgen Inc. Securities Litigation* action.

On September 21, 2007, the stockholder derivative lawsuit of *Rosenblum v. Sharer, et al.*, was filed in the California Central District Court. This lawsuit was brought by a stockholder who previously made a demand on the Amgen Board on May 14, 2007. The complaint alleges that the defendants breached their fiduciary duties, wasted corporate assets and were unjustly enriched. Plaintiffs allege that the defendants failed to disclose and/or misrepresented results of Aranesp® clinical studies, marketed both Aranesp® and EPOGEN® for off-label uses and that these actions or inactions as well as the Amgen market strategy caused damage to the Company resulting in several inquiries, investigations and lawsuits that are costly to defend. The complaint also alleges insider trading by the defendants. The plaintiffs seek treble damages based on various causes of action, reformed corporate governance, equitable and/or injunctive relief, restitution, disgorgement of profits, benefits and other compensation, and legal costs. The case was stayed for all purposes until thirty days after a final ruling on the motion to dismiss by the California Central District Court in the *In re Amgen Inc. Securities Litigation* action.

Thereafter, on May 1, 2008, plaintiff in *Rosenblum v. Sharer, et al.*, filed an amended complaint which removed Dennis Fenton as a defendant and also eliminated the claims for insider selling by defendants. On July 30, 2008, the California Central District Court granted Amgen and the defendants' motion to dismiss without prejudice and also granted a stay of the case pending resolution of the *In re Amgen Inc. Securities Litigation* action.

*ERISA Litigation*

On August 20, 2007, the Employee Retirement Income Security Act (ERISA) class action lawsuit of *Harris v. Amgen Inc., et al.,* was filed in the California Central District Court and named Amgen Inc., Kevin W. Sharer, Frank J. Biondi, Jr., Jerry Choate, Frank C. Herringer, Gilbert S. Omenn, David Baltimore, Judith C. Pelham, Frederick W. Gluck, Leonard D. Schaeffer, Jacqueline Allred, Raul Cermeno, Jackie Crouse, Lori Johnston, Michael Kelly and Charles Bell as defendants. Plaintiffs claim that Amgen and the individual defendants breached their fiduciary duties and their duty of loyalty by continuing to offer the Amgen stock fund as an investment option in the Amgen Retirement and Savings Plan and the Retirement and Savings Plan for Amgen Manufacturing Limited (the Plans) despite the alleged off-label promotion of both Aranesp® and EPOGEN® and despite a number of allegedly undisclosed study results that allegedly demonstrated safety concerns in patients using ESAs. Plaintiffs also allege that defendants breached their obligations under ERISA by not disclosing to plan participants the alleged off-label marketing and study results. On February 4, 2008, the California Central District Court dismissed the complaint with prejudice as to plaintiff Harris, who had filed claims against Amgen Inc. The claims alleged by the second plaintiff, Ramos, were also dismissed but the court granted the plaintiff leave to amend his complaint. On February 1, 2008, the plaintiffs appealed the decision by the California Central District Court to dismiss the claims of both plaintiffs Harris and Ramos to the Ninth Circuit Court. On May 19, 2008, plaintiff Ramos in the *Harris v. Amgen Inc., et al.,* action filed another lawsuit captioned *Ramos v. Amgen Inc., et al.,* in the California Central District Court. The lawsuit is another ERISA class action. The *Ramos v. Amgen Inc., et al*., matter names the same defendants in the *Harris v. Amgen Inc., et al.,* matter plus four new defendants: Amgen Manufacturing Limited, Richard Nanula, Dennis Fenton and the Fiduciary Committee of the Plans. On July 14, 2009, the Ninth Circuit Court reversed the California Central District Court's decision in the *Harris* matter and remanded the case back to the California Central District Court. In the meantime, a third ERISA

class action was filed by Don Hanks on June 2, 2009 in the California Central District Court alleging the same ERISA violations as in the *Harris* and *Ramos* lawsuits.

On August 10, 2009, the *Harris*, *Ramos* and *Hanks* matters were consolidated by the California Central District Court into one action captioned *Harris, et. al. v. Amgen Inc.* On October 13, 2009, the California Central District Court granted plaintiffs Harris' and Ramos' motion to be appointed interim co-lead counsel. Plaintiffs filed an amended complaint on November 11, 2009 and added two additional plaintiffs, Jorge Torres and Albert Cappa. Amgen filed a motion to dismiss the amended/consolidated complaint, and on March 2, 2010, the California Central District Court dismissed the entire lawsuit without prejudice. Plaintiffs filed an amended complaint on March 23, 2010. Amgen then filed another motion to dismiss on April 20, 2010. On June 16, 2010, the California Central District Court entered an order dismissing the entire lawsuit with prejudice. On June 24, 2010, the plaintiffs filed a notice of appeal with the Ninth Circuit Court. On June 4, 2013, the Ninth Circuit Court reversed the decision of the California Central District Court and remanded the case back to the California Central District Court for further proceedings. On June 18, 2013, Amgen petitioned the Ninth Circuit Court for rehearing and/or rehearing *en banc*. The Ninth Circuit Court issued an amended opinion and denied Amgen's petition for rehearing and rehearing *en banc* on October 23, 2013. Amgen moved for a stay of the mandate which the Ninth Circuit Court granted on November 5, 2013. A petition for certiorari was filed with the U.S. Supreme Court on January 21, 2014.

On June 30, 2014, the U.S. Supreme Court granted the petition for certiorari filed by Amgen and the other named defendants, vacated the judgment of the Ninth Circuit Court and remanded this case to the Ninth Circuit Court for reconsideration in light of the U.S. Supreme Court's decision in *Fifth Third Bancorp v. Dudenhoeffer*, decided June 25, 2014. In *Fifth Third*, the U.S. Supreme Court held that no presumption of prudence exists for employee stock ownership plan fiduciaries regardless of plan language and the court provided general guidance as to what factors courts should consider when assessing whether plan fiduciaries breached their duty of prudence owed to plan participants. On October 23, 2014, the Ninth Circuit Court reaffirmed its earlier decision of June 4, 2013. On November 13, 2014, Amgen filed a petition for rehearing *en banc* with the Ninth Circuit Court.

*Commitments*

We lease certain facilities and equipment related primarily to administrative, R&D, sales and marketing activities under non-cancelable operating leases that expire through 2032. The following table summarizes the minimum future rental commitments under non-cancelable operating leases as of December 31, 2014 (in millions):

| | | |
|---|---|---|
| 2015 | $ | 135 |
| 2016 | | 168 |
| 2017 | | 155 |
| 2018 | | 143 |
| 2019 | | 139 |
| Thereafter | | 294 |
| Total minimum operating lease commitments | $ | 1,034 |

Included in the table above are future rental commitments for abandoned leases in the amount of $272 million. There were no material charges for lease abandonments related to the restructuring plan that commenced in 2014 (see Note 2, Restructuring and other cost saving initiatives). Rental expense on operating leases for the years ended December 31, 2014, 2013 and 2012, was $126 million, $125 million and $117 million, respectively.

**19. Segment information**

We operate in one business segment—human therapeutics. Therefore, results of our operations are reported on a consolidated basis for purposes of segment reporting, consistent with internal management reporting. Enterprise-wide disclosures about product sales; revenues and long-lived assets by geographic area; and revenues from major customers are presented below.

*Revenues*

Revenues were as follows (in millions):

| | Years ended December 31, | | |
|---|---|---|---|
| | 2014 | 2013 | 2012 |
| Product sales: | | | |
| Neulasta® | $ 4,596 | $ 4,392 | $ 4,092 |
| NEUPOGEN® | 1,159 | 1,398 | 1,260 |
| ENBREL | 4,688 | 4,551 | 4,236 |
| XGEVA® | 1,221 | 1,019 | 748 |
| Prolia® | 1,030 | 744 | 472 |
| EPOGEN® | 2,031 | 1,953 | 1,941 |
| Aranesp® | 1,930 | 1,911 | 2,040 |
| Sensipar®/Mimpara® | 1,158 | 1,089 | 950 |
| Vectibix® | 505 | 389 | 359 |
| Nplate® | 469 | 427 | 368 |
| Kyprolis® | 331 | 73 | — |
| BLINCYTO™ | 3 | — | — |
| Other | 206 | 246 | 173 |
| Total product sales | 19,327 | 18,192 | 16,639 |
| Other revenues | 736 | 484 | 626 |
| Total revenues | $ 20,063 | $ 18,676 | $ 17,265 |

*Geographic information*

Outside the United States, we sell products principally in Europe and Canada. The geographic classification of product sales was based on the location of the customer. The geographic classification of all other revenues was based on the domicile of the entity from which the revenues were earned.

Certain geographic information with respect to revenues and long-lived assets (consisting of property, plant and equipment) was as follows (in millions):

| | Years ended December 31, | | |
|---|---|---|---|
| | 2014 | 2013 | 2012 |
| Revenues: | | | |
| United States | $ 15,396 | $ 14,480 | $ 13,415 |
| Rest of the world (ROW) | 4,667 | 4,196 | 3,850 |
| Total revenues | $ 20,063 | $ 18,676 | $ 17,265 |

| | December 31, | |
|---|---|---|
| | 2014 | 2013 |
| Long-lived assets: | | |
| United States | $ 2,544 | $ 2,772 |
| Puerto Rico | 1,771 | 1,822 |
| ROW | 908 | 755 |
| Total long-lived assets | $ 5,223 | $ 5,349 |

*Major customers*

In the United States, we sell primarily to pharmaceutical wholesale distributors. We utilize those wholesale distributors as the principal means of distributing our products to healthcare providers. Outside the United States, we sell principally to healthcare providers and/or pharmaceutical wholesale distributors depending on the distribution practice in each country. We monitor the financial condition of our larger customers, and we limit our credit exposure by setting credit limits and, for certain circumstances, requiring letters of credit.

We had product sales to three customers each accounting for more than 10% of total revenues for each of the years ended December 31, 2014, 2013 and 2012. For 2014, on a combined basis, these customers accounted for 77% and 94% of worldwide gross revenues and U.S. gross product sales, respectively, as noted in the following table. Certain information with respect to these customers was as follows (dollar amounts in millions):

| | Years ended December 31, | | |
|---|---|---|---|
| | 2014 | 2013 | 2012 |
| AmerisourceBergen Corporation: | | | |
| Gross product sales | $ 9,142 | $ 8,527 | $ 7,556 |
| % of total gross revenues | 34% | 35% | 34% |
| % of U.S. gross product sales | 43% | 44% | 43% |
| McKesson Corporation: | | | |
| Gross product sales | $ 8,011 | $ 6,440 | $ 5,898 |
| % of total gross revenues | 30% | 27% | 27% |
| % of U.S. gross product sales | 35% | 32% | 32% |
| Cardinal Health, Inc.: | | | |
| Gross product sales | $ 3,407 | $ 3,209 | $ 3,245 |
| % of total gross revenues | 13% | 13% | 15% |
| % of U.S. gross product sales | 16% | 17% | 19% |

At December 31, 2014 and 2013, amounts due from these three customers each exceeded 10% of gross trade receivables and accounted for 69% and 63%, respectively, of net trade receivables on a combined basis. At December 31, 2014 and 2013, 30% and 35%, respectively, of trade receivables, net were due from customers located outside the United States, primarily in Europe. Our total allowance for doubtful accounts as of December 31, 2014 and 2013, was not material.

**20. Quarterly financial data (unaudited)**

| | 2014 Quarters ended | | | |
|---|---|---|---|---|
| (In millions, except per share data) | December 31 | September 30 | June 30 | March 31 |
| Product sales | $ 5,174 | $ 4,848 | $ 4,949 | $ 4,356 |
| Gross profit from product sales | 3,991 | 3,780 | 3,868 | 3,266 |
| Net income | 1,294 | 1,244 | 1,547 | 1,073 |
| Earnings per share: | | | | |
| Basic | $ 1.70 | $ 1.63 | $ 2.04 | $ 1.42 |
| Diluted | $ 1.68 | $ 1.61 | $ 2.01 | $ 1.40 |

| | 2013 Quarters ended | | | |
|---|---|---|---|---|
| (In millions, except per share data) | December 31 | September 30 | June 30 | March 31 |
| Product sales | $ 4,799 | $ 4,647 | $ 4,595 | $ 4,151 |
| Gross profit from product sales | 3,770 | 3,859 | 3,810 | 3,407 |
| Net income | 1,021 | 1,368 | 1,258 | 1,434 |
| Earnings per share: | | | | |
| Basic | $ 1.35 | $ 1.81 | $ 1.67 | $ 1.91 |
| Diluted | $ 1.33 | $ 1.79 | $ 1.65 | $ 1.88 |

**SCHEDULE II**

**AMGEN INC.**

**VALUATION AND QUALIFYING ACCOUNTS**

**Years ended December 31, 2014, 2013 and 2012**

**(In millions)**

| Allowance for doubtful accounts | Balance at beginning of period | Additions charged to costs and expenses | Other additions | Deductions | Balance at end of period |
|---|---|---|---|---|---|
| Year ended December 31, 2014 | $ 59 | $ 3 | $ — | $ 12 | $ 50 |
| Year ended December 31, 2013 | $ 61 | $ 5 | $ — | $ 7 | $ 59 |
| Year ended December 31, 2012 | $ 54 | $ 7 | $ — | $ — | $ 61 |

**Form of Award Notice**

**[*The information set forth in this Award Notice will be contained on the related pages on Merrill Lynch Benefits Website (or the website of any successor company to Merrill Lynch Bank & Trust Co., FSB). This Award Notice shall be replaced by the equivalent pages on such website. References to Award Notice in this Agreement shall then refer to the equivalent pages on such website* ]**

This notice of Award (the "Award Notice") sets forth certain details relating to the grant by the Company to you of the Award identified below, pursuant to the Plan. The terms of this Award Notice are incorporated into the Agreement that accompanies this Award Notice and made part of the Agreement. Capitalized terms used in this Award Notice that are not otherwise defined in this Award Notice have the meanings given to such terms in the Agreement.

| | |
|---|---|
| Employee: | |
| Employee ID: | |
| Address: | |
| Award Type: | |
| Grant ID: | |
| Plan: | Amgen Inc. Amended and Restated 2009 Equity Incentive Plan, as amended and/or restated from time to time |
| Grant Date: | |
| Grant Price: | $_____ |
| Number of Shares: | |
| Number of Units | |
| Vesting Date: | Means the vesting date indicated in the Vesting Schedule |
| Vesting Schedule: | Means the schedule of vesting set forth under Vesting Details |
| Vesting Details: | Means the presentation (tabular or otherwise) of the Vesting Date and the quantity of Shares vesting |

***IMPORTANT NOTICE REGARDING ACCEPTANCE OF THE AWARD***[1]:

***RESIDENTS OF THE U.S. AND PUERTO RICO***: Please read this Award Notice, the Plan and the Agreement (collectively, the "Grant Documents") carefully. If you, as a resident of the U.S. or Puerto Rico, do **not** wish to receive this Award and/or you do **not** consent and agree to the terms and conditions on which this Award is offered, as set forth in the Grant Documents, then you must reject the Award by contacting the Merrill Lynch call center (800) 97AMGEN (800-972-6436) within the U.S., Puerto Rico and Canada or +1 (609) 818-8910 from all other countries (Merrill Lynch will accept the charges for your call) no later than the forty-fifth calendar day following the day on which this Award Notice is made available to you, in which case the Award will be cancelled. For the purpose of determining the forty-five calendar days, Day 1 will be the day immediately following the day on which this Award Notice is made available to you. Your failure to notify the Company of your rejection of the Award within this specified period will constitute your acceptance of the Award and your agreement with all terms and conditions of the Award, as set forth in the Grant Documents.

[1] *This provision is only for use on the form of grant used for the U.S. and Puerto Rico.*

**RESTRICTED STOCK UNIT AGREEMENT**

**THE SPECIFIC TERMS OF YOUR GRANT OF RESTRICTED STOCK UNITS ARE FOUND IN THE PAGES RELATING TO THE GRANT OF RESTRICTED STOCK UNITS FOUND ON MERRILL LYNCH BENEFITS WEBSITE (OR THE WEBSITE OF ANY SUCCESSOR COMPANY TO MERRILL LYNCH BANK & TRUST CO., FSB) (THE "AWARD NOTICE") WHICH ACCOMPANIES THIS DOCUMENT. THE TERMS OF THE AWARD NOTICE ARE INCORPORATED INTO THIS RESTRICTED STOCK UNIT AGREEMENT.**

On the Grant Date specified in the Award Notice, Amgen Inc., a Delaware corporation (the "Company"), has granted to you, the grantee named in the Award Notice, under the Amgen Inc. Amended and Restated 2009 Equity Incentive Plan, as amended and/or restated from time to time (the "Plan"), the Number of Units with respect to the number of shares of the $0.0001 par value common stock of the Company (the "Shares") specified in the Award Notice, on the terms and conditions set forth in this Restricted Stock Unit Agreement, any special terms and conditions for your country set forth in the attached Appendix A and the Award Notice (together, the "Agreement"). The Units shall constitute Restricted Stock Units under Section 9.5 of the Plan, which is incorporated herein by reference. Capitalized terms not defined herein shall have the meanings assigned to such terms in the Plan.

I. Vesting Schedule and Termination of Units.

a. *General.* Subject to the terms and conditions of this Agreement, on each Vesting Date, the Number of Units indicated on the Vesting Schedule shall vest, provided that you have remained continuously and actively employed with the Company or an Affiliate (as defined in the Plan) through each applicable Vesting Date, unless (i) [your employment has terminated due to your Voluntary Termination (as defined in paragraph (d) of this Section I below) ]*[2], [(ii)] you experience a Qualified Termination (as defined below), or (iii)[(ii)] as otherwise determined by the Company in the exercise of its discretion as provided in paragraph (f) of this Section I. The Units represent an unfunded, unsecured promise by the Company to deliver Shares. Only whole Shares shall be issued upon vesting of the Units, and the Company shall be under no obligation to issue any fractional Shares to you. If your employment with the Company or an Affiliate is terminated for any reason or for no reason, including if your active employment is terminated by the Company or an Affiliate without Cause (as defined below), or in the event of any other termination of your active employment caused directly or indirectly by the Company or an Affiliate, except as otherwise provided in paragraphs (b), (c), [(d), ]*[(1)] (e) or (f) of this Section I below, your unvested Units shall automatically expire and terminate on the date of termination of your active employment. Notwithstanding anything herein to the contrary, the Vesting Schedule may be accelerated (by notice in writing) by the Company in its sole discretion at any time during the term of the Units. In addition, if not prohibited by local law, vesting may be suspended by the Company in its sole discretion during a leave of absence as provided from time to time according to Company policies and practices.

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[2] *Paragraph (d) of Section I of this Agreement is not applicable to awards identified by the Administrator as new hire, retention or promotion grants and the provisions of such paragraph shall be reserved and references thereto identified by an asterisk (*) shall be omitted from the agreements evidencing such grants.*

b. *Permanent and Total Disability.* Notwithstanding the provisions in paragraph (a) above, if your employment with the Company or an Affiliate terminates due to your Permanent and Total Disability (as defined below), then the vesting of Units granted under this Agreement shall be accelerated, subject to your execution of a general release and waiver in a form provided by the Company, to vest as of the day immediately preceding such termination of your employment with respect to all Units granted hereunder, except that if the Units were granted in the calendar year in which such termination occurs, the Units shall be accelerated to vest with respect to a number of Units equal to the number of Units subject to this Agreement multiplied by a fraction, the numerator of which is the number of complete months you remained continuously and actively employed during such calendar year, and the denominator of which is twelve (12).

c. *Death*. Notwithstanding the provisions in paragraph (a) above, if your employment with the Company or an Affiliate terminates due to your death, then the vesting of Units granted under this Agreement shall be accelerated to vest as of the day immediately preceding your death with respect to all Units granted hereunder, except that if the Units were granted in the calendar year in which your death occurs the Units shall be accelerated to vest with respect to a number of Units equal to the number of Units subject to this Agreement multiplied by a fraction, the numerator of which is the number of complete months you remained continuously and actively employed during such calendar year, and the denominator of which is twelve (12).

d. *[Retirement*. Notwithstanding the provisions in paragraph (a) above, if you terminate your employment with the Company or an Affiliate due to your voluntary termination (and such voluntary termination is not the result of Permanent and Total Disability (as defined below)) after you are at least sixty-five (65) years of age, or after you are at least fifty-five (55) years of age and have been an employee of the Company and/or an Affiliate for at least ten (10) years in the aggregate as determined by the Company in its sole discretion according to Company policies and practices as in effect from time to time ("Voluntary Termination"), then the Units will vest pursuant to the Vesting Schedule without regard to the termination of employment prior to the Vesting Date, subject to your execution of a general release and waiver in a form provided by the Company, with respect to all Units granted hereunder; provided, however, that if the Units were granted in the calendar year in which the Voluntary Termination occurs, the Units will vest pursuant to the Vesting Schedule provided in the Award Notice only with respect to a number of Units equal to the number of Units subject to this Agreement multiplied by a fraction, the numerator of which is the number of complete months you remained continuously and actively employed during such calendar year, and the denominator of which is twelve (12); notwithstanding the definition of Voluntary Termination set forth above, if the Company receives an opinion of counsel that there has been a legal judgment and/or legal development in your jurisdiction that would likely result in the favorable treatment upon Voluntary Termination described above being deemed unlawful and/or discriminatory, then the Committee will not apply the favorable treatment described above.][Reserved]*[3]

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[3] *Paragraph( d) of Section I of this Agreement is not applicable to awards identified by the Administrator as new hire, retention or promotion grants and the provisions of such paragraph shall be reserved and references thereto identified by an asterisk (*) shall be omitted from the agreements evidencing such grants.*

e. *Qualified Termination after a Change of Control*. Notwithstanding the provisions in paragraph (a) above, in the event of a Qualified Termination (as defined below), then, to the extent permitted by applicable law, the vesting of Units granted under this Agreement shall be accelerated to vest as of the day immediately prior to the Qualified Termination.

f. *Continued Vesting*. Notwithstanding the provisions in paragraph (a) above, the Company may in its sole discretion at any time during the term of this Agreement, in writing, otherwise provide that the Units will vest pursuant to the Vesting Schedule without regard to the termination of employment prior to the Vesting Date, subject to any terms and conditions that the Company may determine.

For purposes of this Agreement:

(i) "termination of your active employment" shall mean the last date that you are either an active employee of the Company or an Affiliate or actively engaged as a Consultant or Director of the Company or an Affiliate; in the event of termination of your employment (whether or not later found to be invalid or in breach of employment laws in the jurisdiction where you are working or the terms of your employment agreement, if any), your right to receive Units and vest under the Plan, if any, will terminate effective as of the date that you are no longer actively providing services and will not be extended by any notice period mandated under local law (*e.g.*, active employment would not include any period of "garden leave" or similar period mandated under employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any). The Company shall have exclusive discretion to determine when you are no longer actively providing services for purposes of the Units (including whether you may still be considered to be providing services while on a leave of absence);

(ii) "Cause" shall mean (i) your conviction of a felony (or similar crime under applicable law, as determined by the Company), or (ii) your engaging in conduct that constitutes willful gross neglect or willful gross misconduct in carrying out your duties, resulting, in either case, in material economic harm to the Company or any Affiliate, unless you believed in good faith that such conduct was in, or not contrary to, the best interests of the Company or any Affiliate. For purposes of clause (ii) above, no act, or failure to act, on your part shall be deemed "willful" unless done, or omitted to be done, by you not in good faith;

(iii) "Permanent and Total Disability" shall have the meaning ascribed to such term under Section 22(e)(3) of the Code and with such permanent and total disability being certified prior to termination of your employment by (i) the U.S. Social Security Administration, (ii) the comparable governmental authority applicable to an Affiliate, (iii) such other body having the relevant decision-making power applicable to an Affiliate, or (iv) an independent medical advisor appointed by the Company in its sole discretion, as applicable, in any such case;

(iv) "Qualified Termination" shall mean

(a) if you are an employee who participates in the Change of Control Plan (as defined below), your termination of employment within two (2) years following a Change of Control (i) by the Company other than for Cause, Disability (as defined below), or as a result of your death or (ii) by you for Good Reason (as defined in the Change of Control Plan); or

(b) if you are an employee who does not participate in the Change of Control Plan or the Change of Control Plan is no longer in effect, your termination of employment within two (2) years following a Change of Control by the Company other than for Cause, Disability (as defined below), or as a result of your death;

(v) "Change of Control" shall mean the occurrence of any of the following:

(A) the acquisition (other than from the Company) by any person, entity or "group," within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act (excluding, for this purpose, the Company or any of its Affiliates, or any employee benefit plan of the Company or any of its Affiliates which acquires beneficial ownership of voting securities of the Company), of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of fifty percent (50%) or more of either the then-outstanding Shares or the combined voting power of the Company's then-outstanding voting securities entitled to vote generally in the election of directors; or

(B) individuals who, as of April 2, 1991, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board, provided that any person becoming a director subsequent to April 2, 1991, whose election, or nomination for election by the Company's stockholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board (other than an election or nomination of an individual whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of the Directors of the Company, as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act) shall be, for purposes of the Plan, considered as though such person were a member of the Incumbent Board; or

(C) the consummation by the Company of a reorganization, merger, consolidation, (in each case, with respect to which persons who were the stockholders of the Company immediately prior to such reorganization, merger or consolidation do not, immediately thereafter, own more than fifty percent (50%) of the combined voting power entitled to vote generally in the election of directors of the reorganized, merged or consolidated company's then-outstanding voting securities) or a liquidation or dissolution of the Company or of the sale of all or substantially all of the assets of the Company.

Notwithstanding anything herein or in the Agreement to the contrary, if a Change of Control constitutes a payment event with respect to any Unit that is subject to United States income tax and which provides for a deferral of compensation that is subject to Section 409A of the Code, the transaction or event described in subsection (A), (B), (C) or (D) above must also constitute a "change in control event," as defined in U.S. Treasury Regulation § 1.409A-3(i)(5), in order to constitute a Change of Control for purposes of payment of such Unit.

(vi) "Change of Control Plan" shall mean the Company's change of control and severance plan, including the Amgen Inc. Change of Control Severance Plan, as amended and restated, effective as of December 9, 2010 (and any subsequent amendments thereto), or equivalent plan governing the provision of benefits to eligible employees upon the occurrence of a Change of Control (including resulting from a termination of employment that occurs within a specified time period following a Change of Control), as in effect immediately prior to a Change of Control; and

(vii) "Disability" shall be determined in accordance with the Company's long-term disability plan as in effect immediately prior to a Change of Control.

II. Form and Timing of Payment. Subject to satisfaction of tax or similar obligations as provided for in Section III, any vested Units shall be paid by the Company in Shares (on a one-to-one basis) on, or as

soon as practicable after, and in any event within 90 days after the applicable Vesting Date, which for purposes of this Section II, includes the date of any accelerated vesting, if any (the "Settlement Period"). [(For the avoidance of doubt, in the event that any Units continue to vest following a Voluntary Termination in accordance with Section 1(d) above, the Vesting Date(s) for purposes of payments pursuant to this Section II shall be the regularly scheduled Vesting Dates following such termination.]*[4] Notwithstanding anything to the contrary in the foregoing, in the event that (i) the vesting and settlement of Units is conditioned on your execution and delivery of a release and (ii) the Settlement Period commences in one calendar year and ends in the next calendar year, the Units will be paid in the second calendar year. Shares issued in respect of a Unit shall be deemed to be issued in consideration of past services actually rendered by you to the Company or an Affiliate or for its benefit for which you have not previously been compensated or for future services to be rendered, as the case may be, which the Company deems to have a value at least equal to the aggregate par value thereof.

III. Tax Withholding; Issuance of Certificates. Regardless of any action the Company or your actual employer (the "Employer") takes with respect to any or all income tax (including federal, state and local taxes), social insurance, payroll tax, fringe benefit tax, payment on account or other tax-related items related to your participation in the Plan and legally applicable to you ("Tax Obligations"), you acknowledge that the ultimate liability for all Tax Obligations is and remains your responsibility and may exceed the amount actually withheld by the Company and/or your Employer. You further acknowledge that the Company and/or your Employer (i) make no representations or undertakings regarding the treatment of any Tax Obligations in connection with any aspect of the Units, including the grant of the Units, the vesting of Units, the conversion of the Units into Shares or the receipt of an equivalent cash payment, the subsequent sale of any Shares acquired at vesting and the receipt of any dividends, and (ii) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the Units to reduce or eliminate your liability for Tax Obligations or achieve any particular tax result. Furthermore, if you become subject to tax in more than one jurisdiction between the Grant Date and the date of any relevant taxable event, you acknowledge that the Company and/or your Employer (or former employer, as applicable) may be required to withhold or account for Tax Obligations in more than one jurisdiction.

Prior to any relevant taxable or tax withholding event, as applicable, you shall pay, or make adequate arrangements satisfactory to the Company or to your Employer (in their sole discretion) to satisfy all Tax Obligations. In this regard, you authorize the Company and/or your Employer or their respective agents, at their discretion, to satisfy all applicable Tax Obligations by one or a combination of the following:

(a) withholding from your wages or other cash compensation paid to you by the Company and/or your Employer; or

(b) withholding from proceeds of the sale of Shares acquired upon vesting or payment of the Units either through a voluntary sale or through a mandatory sale arranged by the Company (on your behalf pursuant to this authorization); or

(c) withholding in Shares to be issued upon vesting or payment of the Units, provided that the Company and your Employer shall only withhold an amount of Shares with a fair market value equal to the Tax Obligations.

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*[4] Paragraph (d) of Section I of this Agreement is not applicable to awards identified by the Administrator as new hire, retention or promotion grants and the provisions of such paragraph shall be reserved and references thereto identified by an asterisk (*) shall be omitted from the agreements evidencing such grants.*

To avoid adverse accounting treatment, the Company may withhold or account for Tax Obligations not to exceed the applicable minimum statutory withholding rates or other applicable withholding rates. If the Tax Obligations are satisfied by withholding in Shares, for tax purposes, you are deemed to have been issued the full number of Shares subject to the vested Units, notwithstanding that a number of the Shares is held back solely for the purpose of paying the Tax Obligations due as a result of any aspect of your participation in the Plan (any Shares withheld by the Company hereunder shall not be deemed to have been issued by the Company for any purpose under the Plan and shall remain available for issuance thereunder).

Finally, you shall pay to the Company or your Employer any amount of Tax Obligations that the Company or your Employer may be required to withhold or account for as a result of your participation in the Plan that cannot be satisfied by the means previously described. You agree to take any further actions and execute any additional documents as may be necessary to effectuate the provisions of this Section III. Notwithstanding Section II above, the Company may refuse to issue or deliver the Shares or the proceeds of the sale of Shares if you fail to comply with your obligations in connection with the Tax Obligations.

IV. Dividend Equivalents

(a) Crediting and Payment of Dividend Equivalents. Subject to this Section IV, Dividend Equivalents shall be credited on each Unit granted to you under this Agreement in the manner set forth in the remainder of this Section IV. If the Company declares one or more dividends or distributions (each, a "Dividend") on its Common Stock with a record date which occurs during the period commencing on the Grant Date through and including the day immediately preceding the day the shares of Common Stock subject to the Units are issued to you, whether in the form of cash, Common Stock or other property, then on the date such Dividend is paid to the Company's stockholders you shall be credited with an amount equal to the amount or fair market value of such Dividend which would have been payable to you if you held a number of shares of Common Stock equal to the number of your Units as of the record date for such Dividend, unless the Units have been forfeited between the record date and payment date for such Dividend. Any such Dividend Equivalents shall be credited and deemed reinvested in the Common Stock as of the Dividend payment date. Dividend Equivalents shall be payable in full shares of Common Stock, unless the Administrator determines, at any time prior to payment and in its discretion, that they shall be payable in cash. Dividend Equivalents payable with respect to fractional shares of Common Stock shall be paid in cash.

(b) Treatment of Dividend Equivalents. Except as otherwise expressly provided in this Section IV, any Dividend Equivalents credited to you shall be subject to all of the provisions of this Agreement which apply to the Units with respect to which they have been credited and shall be payable, if at all, at the time and to the extent that the underlying Unit becomes payable. Dividend Equivalents shall not be payable on any Units that do not vest, or are forfeited, pursuant to the terms of this Agreement.

V. Transferability. No benefit payable under, or interest in, this Agreement or in the Shares that are scheduled to be issued to you hereunder shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge and any such attempted action shall be void and no such benefit or interest shall be, in any manner, liable for, or subject to, your or your beneficiary's debts, contracts, liabilities or torts; provided, however, nothing in this Section V shall prevent transfer (i) by will or (ii) by applicable laws of descent and distribution.

VI. Notices. Any notices provided for in this Agreement or the Plan shall be given in writing or electronically and shall be deemed effectively given upon receipt or, in the case of notices delivered by the Company to you, five (5) days after deposit in the United States mail or equivalent foreign postal service, postage prepaid, addressed to you at such address as is currently maintained in the Company's records or at

such other address as you hereafter designate by written notice to the Company Stock Administrator. Such notices may be given using any automated system for the documentation, granting or exercise of Awards, such as a system using an internet website or interactive voice response, as approved by the Company.

VII. Plan. This Agreement is subject to all the provisions of the Plan, which provisions are hereby made a part of this Agreement, including without limitation the provisions of Section 9.5 of the Plan relating to Restricted Stock Units, and is further subject to all interpretations, amendments, rules and regulations which may from time to time be promulgated and adopted pursuant to the Plan. In the event of any conflict between the provisions of this Agreement and those of the Plan, the provisions of the Plan shall control.

VIII. Governing Law. The terms of this Agreement shall be governed by the laws of the State of Delaware without giving effect to principles of conflicts of laws. For purposes of litigating any dispute that arises hereunder, the parties hereby submit to and consent to the jurisdiction of the State of Delaware, and agree that such litigation shall be conducted in the courts of the State of Delaware, or the federal courts for the United States for the federal district located in the State of Delaware, and no other courts, where this Agreement is made and/or to be performed.

IX. Code Section 409A. The time and form of payment of the Units is intended to comply with the requirements of Code Section 409A and this Agreement shall be interpreted in accordance with Code Section 409A and U.S. Department of Treasury regulations and other interpretive guidance issued thereunder, including without limitation any such regulations or other guidance that may be issued after the Grant Date. Accordingly, no acceleration or deferral of any payment shall be permitted if it would cause the payment of the Units to violate Code Section 409A. In addition, notwithstanding any provision herein to the contrary, in the event that following the Grant Date, the Committee (as defined in the Plan) determines that it may be necessary or appropriate to do so, the Committee may adopt such amendments to the Plan and/or this Agreement or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, that the Committee determines are necessary or appropriate to (a) exempt the Plan and/or the Units from the application of Code Section 409A and/or preserve the intended tax treatment of the benefits provided with respect to this Award, or (b) comply with the requirements of Code Section 409A; provided, however, that this paragraph shall not create an obligation on the part of the Committee to adopt any such amendment, policy or procedure or take any such other action. For purposes of Code Section 409A, the right to receive payment of Units at each Vesting Date shall be treated as a right to receive separate and distinct payments.

X. Acknowledgement. By electing to accept this Agreement, you acknowledge receipt of this Agreement and hereby confirm your understanding that the terms set forth in this Agreement constitute, subject to the terms of the Plan, which terms shall control in the event of any conflict between the Plan and this Agreement, the entire agreement and understanding of the parties with respect to the matters contained herein and supersede any and all prior agreements, arrangements and understandings, both oral and written, between the parties concerning the subject matter of this Agreement. The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

XI. Acknowledgment of Nature of Plan and Units. In accepting this Agreement, you acknowledge that:

(a) the Plan is established voluntarily by the Company, is discretionary in nature and may be modified, amended, suspended or terminated by the Company at any time, as provided in the Plan;

(b) the grant of the Units is voluntary and occasional and does not create any contractual or other right to receive future awards of Units, or benefits in lieu of Units even if Units have been awarded in the past;

(c) all decisions with respect to future awards, if any, will be at the sole discretion of the Company;

(d) your participation in the Plan shall not create a right to further employment with the Employer and shall not interfere with the ability of the Employer to terminate your employment or service relationship (if any) at any time;

(e) your participation in the Plan is voluntary;

(f) the grant of Units and the Shares subject to the Units are not intended to replace any pension rights or compensation;

(g) neither the grant of Units nor any provision of this Agreement, the Plan or the policies adopted pursuant to the Plan confer upon you any right with respect to employment or continuation of current employment and shall not be interpreted to form an employment contract or relationship with the Company or any Affiliate;

(h) the future value of the underlying Shares is unknown and cannot be predicted with certainty;

(i) in consideration of the grant of Units hereunder, no claim or entitlement to compensation or damages arises from termination of Units, and no claim or entitlement to compensation or damages shall arise from forfeiture of the Units resulting from termination of your employment by the Company or an Affiliate (for any reason whatsoever and whether or not in breach of local labor laws) and you irrevocably release the Company and your Employer from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, you shall be deemed irrevocably to have waived your entitlement to pursue such claim;

(j) except as otherwise provided in this Agreement or the Plan, the Units and the benefits evidenced by this Agreement do not create any entitlement to have the Units or any such benefits transferred to, or assumed by, another company nor to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the shares of the Company;

(k) the following provisions apply only if you are providing services outside the United States:

(i) for employment law purposes outside the United States, the Units and Shares subject to the Units are not part of normal or expected compensation or salary for any purpose, including but not limited to for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end of service payments, bonuses, holiday pay, long-service awards, pension or retirement benefits or similar payments; and

(ii) neither the Company, the Employer nor any Affiliate of the Company shall be liable for any foreign exchange rate fluctuation between your local currency and the United States Dollar that may affect the value of the Units or of any amounts due to you pursuant to the settlement of the Units or the subsequent sale of any Shares acquired upon settlement.

XII. No Advice Regarding Award. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding your participation in the Plan, or your acquisition or sale of the underlying Shares. You are hereby advised to consult with your own personal tax, legal and financial advisors regarding your participation in the Plan before taking any action related to the Plan.

XIII. Compliance with Laws. Notwithstanding any provision of this Agreement to the contrary, if you are employed by the Company or an Affiliate in any of the countries identified in the attached Appendix A (which constitutes a part of this Agreement), are subject to the laws of any foreign jurisdiction, or relocate to one of the countries included in the attached Appendix A, the Units granted hereunder shall be subject to any special terms and conditions for your country set forth in Appendix A and to the following additional terms and conditions:

a. the terms and conditions of this Agreement, including Appendix A, are deemed modified to the extent necessary or advisable to comply with applicable foreign laws or facilitate the administration of the Plan;

b. if applicable, the effectiveness of your award of Units is conditioned upon its compliance with any applicable foreign laws, regulations, rules or local governmental regulatory exemption and subject to receipt of any required foreign regulatory approvals;

c. to the extent necessary to comply with applicable foreign laws, the payment of any earned Units shall be made in cash or Common Stock, at the Company's election; and

d. the Company may take any other action, before or after an award of Units is made, that it deems advisable to obtain approval or comply with any necessary local governmental regulatory exemptions or approvals.

Notwithstanding anything to the contrary contained herein, the Company shall not take any actions hereunder that would violate the Securities Act, the Exchange Act, the Code, or any other securities or tax or other applicable law or regulation, or the rules of any Securities Exchange. Notwithstanding anything to the contrary contained herein, the Shares issuable upon vesting of the Unit shall not be issued unless such Shares are then registered under the Securities Act, or, if such Shares are not then so registered, the Company has determined that such vesting and issuance would be exempt from the registration requirements of the Securities Act, and that the issuance satisfied all other applicable legal requirements.

XIV. ***Data Privacy and Notice of Consent. You hereby explicitly and unambiguously consent to the collection, use and transfer, in electronic or other form, of your personal data as described in this Agreement by and among, as applicable, your Employer, the Company, and Affiliates of the Company for the exclusive purpose of implementing, administering and managing your participation in the Plan.***

***You understand that the Company and your Employer may hold certain personal information about you, including, but not limited to, your name, home address and telephone number, date of birth, social insurance number (to the extent permitted under applicable local law) or other identification number, salary, nationality, job title, residency status, any shares of stock or directorships held in the Company, details of all equity compensation or any other entitlement to Shares awarded, canceled, vested,***

***unvested or outstanding in your favor, for the purposes of implementing, administering and managing the Plan ("Data").***

***You understand that Data may be transferred to Merrill Lynch Bank & Trust Co., FSB, or any successor thereto, or any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in your country or elsewhere, including outside the European Economic Area and that the recipient's country (e.g., the United States) may have different data privacy laws and protections than your country. You understand that if you reside outside the United States, you may request a list with the names and addresses of any potential recipients of the Data by contacting your local human resources representative. You authorize your Employer, the Company, Affiliates of the Company, Merrill Lynch Bank & Trust Co., FSB, or any successor thereto, and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing your participation in the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purpose of implementing, administering and managing your participation in the Plan, including any requisite transfer of such Data as may be required to any other broker, escrow agent or other third party with whom the Shares received upon vesting of the Units may be deposited. You understand that Data will be held only as long as is necessary to implement, administer and manage your participation in the Plan. You understand that if you reside outside the United States, you may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing your local human resources representative. Further, you understand that you are providing the consents herein on a purely voluntary basis. If you do not consent, or if you later seek to revoke your consent, your employment status or service and career with the Employer will not be adversely affected; the only adverse consequence of refusing or withdrawing your consent is that the Company would not be able to grant you Units or other equity awards or administer or maintain such awards. Therefore, you understand that refusing or withdrawing your consent may affect your ability to participate in the Plan. For more information on the consequences of your refusal to consent or withdrawal of consent, you understand that you may contact your local human resources representative.***

XV. Severability. If one or more of the provisions of this Agreement shall be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby and the invalid, illegal or unenforceable provisions shall be deemed null and void; however, to the extent permissible by law, any provisions which could be deemed null and void shall first be construed, interpreted or revised retroactively to permit this Agreement to be construed so as to foster the intent of this Agreement and the Plan.

XVI. Language. If you have received this Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

XVII. Imposition of Other Requirements. The Company reserves the right to impose other requirements on your participation in the Plan, on the Units and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require you to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

XVIII. Compensation Subject to Recovery. The Units subject to this Award and all compensation payable with respect to them shall be subject to recovery by the Company pursuant to any and all of the

Company's policies with respect to the recovery of compensation, as they shall be in effect and may be amended from time to time, to the maximum extent permitted by applicable law.

XIX. Waiver. You acknowledge that a waiver by the Company of breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by you or any other grantee.

Very truly yours,
AMGEN INC.

By:_____
Name:
Title:

**APPENDIX A**

**ADDITIONAL TERMS AND CONDITIONS OF THE AMENDED AND RESTATED AMGEN INC. 2009 EQUITY INCENTIVE PLAN, AS AMENDED AND/OR RESTATED FROM TIME TO TIME**

**GRANT OF RESTRICTED STOCK UNITS (BY COUNTRY)**

Certain capitalized terms used but not defined in this Appendix A shall have the meanings set forth in the Plan and/or the Agreement to which this Appendix is attached.

***TERMS AND CONDITIONS***

This Appendix includes additional terms and conditions that govern any Units granted under the Plan if, under applicable law, you are a resident of, are deemed to be a resident of or are working in one of the countries listed below. Furthermore, the additional terms and conditions that govern any Units granted hereunder may apply to you if you relocate to one of the countries listed below and the Company shall, in its discretion, determine to what extent the terms and conditions contained herein shall apply to you.

***NOTIFICATIONS***

This Appendix also includes notifications relating to exchange control and other issues of which you should be aware with respect to your participation in the Plan. The information is based on the exchange control, securities and other laws in effect in the countries to which this Appendix refers as of October 2014. Such laws are often complex and change frequently. As a result, the Company strongly recommends that you not rely on the notifications herein as the only source of information relating to the consequences of your participation in the Plan because the information may be outdated when you vest in the Units and acquire Shares under the Plan, or when you subsequently sell Shares acquired under the Plan.

In addition, the notifications are general in nature and may not apply to your particular situation, and the Company is not in a position to assure you of any particular result. Accordingly, you are advised to seek appropriate professional advice as to how the relevant laws in your country may apply to your situation. Finally, if you are a citizen or resident of a country other than the one in which you are currently residing and/or working or are considered a resident of another country for local law purposes, the information contained herein may not be applicable to you or you may be subject to the provisions of one or more jurisdictions.

**ALL NON-U.S. JURISDICTIONS**

***NOTIFICATIONS***

**Insider Trading Restrictions/Market Abuse Laws.** You acknowledge that, depending on your country, you may be subject to insider trading restrictions and/or market abuse laws, which may affect your ability to acquire or sell Shares or rights to Shares (*e.g*., Units) under the Plan during such times as you are considered to have "inside information" regarding the Company (as defined by the laws in your country). Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. You are responsible for ensuring your compliance with any applicable restrictions and are advised to speak with your personal legal advisor on this matter.

**AUSTRALIA**

***NOTIFICATIONS***

**Exchange Control Information.** Exchange control reporting is required for cash transactions exceeding AUD10,000 and for international fund transfers. If an Australian bank is assisting with the transaction, the bank will file the report on your behalf.

**Securities Law Information.** If you acquire Shares under the Plan and offer the Shares for sale to a person or entity resident in Australia, the offer may be subject to disclosure requirements under Australian law. You should consult with your own legal advisor before making any such offer in Australia.

**AUSTRIA**

***NOTIFICATIONS***

**Exchange Control Information.** If you hold Shares acquired under the Plan outside of Austria, you must submit a report to the Austrian National Bank. An exemption applies if the value of the Shares as of any given quarter does not meet or exceed €30,000,000 or if the value of the Shares in any given year as of December 31 does not meet or exceed €5,000,000. If the former threshold is exceeded, quarterly obligations are imposed, whereas if the latter threshold is exceeded, annual reports must be given. The quarterly reporting date is as of the last day of the respective quarter and the deadline for filing the quarterly report is the 15th day of the month following the end of the respective quarter. The annual reporting date is December 31 and the deadline for filing the annual report is January 31 of the following year.

A separate reporting requirement applies when you sell Shares acquired under the Plan, receive a cash dividend paid on such Shares or Dividend Equivalents paid in cash. In that case, there may be exchange control obligations if the cash proceeds are held outside of Austria. If the transaction volume of all accounts abroad exceeds €3,000,000, the movements and balances of all accounts must be reported monthly, as of the last day of the month, on or before the 15th day of the following month, on the prescribed form (*Meldungen SI-Forderungen und/oder SI-Verpflichtungen*).

**BELGIUM**

***NOTIFICATIONS***

**Tax Reporting; Foreign Asset/Account Reporting Information.** You are required to report any taxable income attributable to the Units granted hereunder on your annual tax return. You are also required to report any security and bank accounts opened and maintained outside Belgium on your annual tax return. In a separate report, you are required to provide the National Bank of Belgium with the account details of any such foreign accounts.

**BRAZIL**

***TERMS AND CONDITIONS***

**Compliance with Law**. By accepting the Units, you acknowledge that you agree to comply with applicable Brazilian laws and pay any and all applicable taxes associated with the vesting of the Units, the sale of Shares acquired under the Plan, the payment of dividends on such Shares and the receipt of any Dividend Equivalents paid in cash.

**Acknowledgment of Nature of Plan and Units.** This provision supplements Section XI of the Agreement:

By accepting the Units, you acknowledge (i) that you are making an investment decision, (ii) that the Shares will be issued to you only if the vesting conditions are met and any necessary services are rendered by you during the vesting period set forth in the Vesting Schedule, and (iii) that the value of the underlying Shares is not fixed and may increase or decrease in value over the vesting period without compensation to you.

***NOTIFICATIONS***

**Exchange Control Information.** If you are resident or domiciled in Brazil, you will be required to submit annually a declaration of assets and rights held outside of Brazil to the Central Bank of Brazil if the aggregate value of such assets and rights equals or exceeds US$100,000. Assets and rights that must be reported include the following: (i) bank deposits; (ii) loans; (iii) financing transactions; (iv) leases; (v) direct investments; (vi) portfolio investments, including Shares acquired under the Plan; (vii) financial derivatives investments; and (viii) other investments, including real estate and other assets. Please note that foreign individuals holding Brazilian visas are considered Brazilian residents for purposes of this reporting requirement and must declare at least the assets held abroad that were acquired subsequent to the date of admittance as a resident of Brazil. Individuals holding assets and rights outside Brazil valued at less than US$100,000 are not required to submit a declaration.

**BULGARIA**

There are no country-specific provisions.

**CANADA**

***TERMS AND CONDITIONS***

**Termination of Employment.** Section I(i) of the Agreement is amended to read as follows:

(i) "termination of your active employment" shall mean the last date that you are either an active employee of the Company or an Affiliate or actively engaged as a Consultant or Director of the Company or an Affiliate; in the event of involuntary termination of your employment (whether or not in breach of local labor laws), your right to receive any Units and vest under the Plan, if any, will terminate effective as of the date that is the earlier of: (1) the date you receive notice of termination of employment from the Company or your Employer, or (2) the date you are no longer actively employed by the Company or your Employer regardless of any notice period or period of pay in lieu of such notice required under local law (including, but not limited to statutory law, regulatory law and/or common law). Your right, if any, to acquire Shares pursuant to the Units after termination of employment will be measured by the date of termination of your active employment and will not be extended by any notice period mandated under local law;

**Form of Settlement — Units Payable Only in Shares.** Notwithstanding any discretion in the Plan or anything to the contrary in the Agreement, the Units do not provide any right for you, as a resident of Canada, to receive a cash payment and shall be paid in Shares only.

**The following provisions will apply to you if you are a resident of Quebec:**

**Language Consent.** The parties acknowledge that it is their express wish that the Agreement, as well as all documents, notices, and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

*Les parties reconnaissent avoir exigé la rédaction en anglais de cette convention ("Agreement"), ainsi que de tous documents exécutés, avis donnés et procédures judiciaries intentées, directement ou indirectement, relativement à ou suite à la présente convention.*

**Data Privacy Notice and Consent.** This provision supplements Section XIV of the Agreement:

You hereby authorize the Company and the Company's representative to discuss with and obtain all relevant information from all personnel (professional or not) involved in the administration and operation of the Plan. You further authorize the Company and your Employer to disclose and discuss your participation in the Plan with their advisors. You also authorize the Company and your Employer to record such information and keep it in your employee file.

***NOTIFICATIONS***

**Securities Law Information.** You are permitted to sell Shares acquired through the Plan through the designated broker appointed under the Plan, if any, provided that the resale of such Shares takes place outside of Canada through the facilities of a stock exchange on which the Shares are listed (*e.g.*, the NASDAQ Global Select Market).

**Foreign Asset/Account Reporting Information.** You are required to report any foreign property (including Shares acquired under the Plan) on form T1135 (Foreign Income Verification Statement) if the total value of the foreign property exceeds C$100,000 at any time in the year. It is not certain if Units qualify as foreign property for purposes of this reporting obligation. The form must be filed by April 30 of the following year. It is your responsibility to comply with this reporting obligation and you should consult your personal tax advisor in this regard.

**CHILE**

***NOTIFICATIONS***

**Securities Law Information.** Pursuant to Ruling No. 99 of 2001 issued by the Chilean Superintendence of Securities ("CSS"), neither the Units nor any Shares acquired under the Plan will be registered under the Registry of Securities held by the CSS nor are they under the control or supervision of the CSS.

**Exchange Control Information.** You are not required to repatriate funds obtained from the sale of Shares or the receipt of any dividends or Dividend Equivalents. However, if you decide to repatriate such funds, you must do so through the Formal Exchange Market if the amount of funds exceeds US$10,000. In such case, you must report the payment to a commercial bank or registered foreign exchange office receiving the funds.

**Tax Reporting and Registration Information.** You must file Tax Form 1851 in relation to any Shares acquired under the Plan that are held abroad and to any taxes paid abroad (if you will be seeking a credit against Chilean income tax owed) with the Chilean Internal Revenue Service (the "CIRS"), The form must be submitted through the CIRS web page at www.sii.cl before March 15 of each year.

Investments abroad must also be registered with the CIRS for you to be entitled to a foreign tax credit for any tax withheld on dividends abroad, if applicable, and such registration also provides evidence of the acquisition price of the Shares (which will be zero) which you will need when the Shares are sold. You are advised to consult with your personal legal advisor regarding how to register with the CIRS.

**CHINA**

***TERMS AND CONDITIONS***

*The following terms apply only to individuals who are subject to exchange control restrictions in the People's Republic of China ("PRC"), as determined by the Company in its sole discretion:*

**Vesting of the Units.** Notwithstanding anything to the contrary in the Form of Award Notice or Award Agreement, the Units shall not vest until all necessary exchange control and other approvals from the PRC State Administration of Foreign Exchange or its local counterpart ("SAFE") have been received for Units granted under the Plan. Once SAFE approval has been received, and provided you are then employed by the Company or an Affiliate, you will receive vesting credit for that portion of the Units that would have vested prior to obtaining SAFE approval, if applicable, and the remaining portion of the Units will vest in accordance with the Vesting Schedule in the Form of Award Notice. If you terminate employment with the Company and its Affiliates prior to the receipt of SAFE approval, your unvested Units will be forfeited.

[Further, notwithstanding anything to the contrary in Section I(d) of the Agreement, if your employment with the Company or an Affiliate terminates due to your Voluntary Termination, as defined in Section I(d), then the vesting of Units granted under this Agreement shall be accelerated to vest as of the day immediately preceding such Voluntary Termination with respect to all Units granted hereunder.][*]

**Sale Requirement.** Notwithstanding anything to the contrary in the Agreement, due to exchange control laws in the PRC, you agree that the Company reserves the right to require the immediate sale of any Shares issued upon settlement of the Units. You understand and agree that any such immediate sale of Shares will occur as soon as is practical following settlement of the Units. Alternatively, if the Shares are not immediately sold upon settlement of the Units, the Company will require the sale of any Shares you may then hold within six (6) months (or such other period as may be required under applicable legal or exchange control requirements) following the termination of your employment with the Company including its Affiliates.

You agree that the Company is authorized to instruct Merrill Lynch Bank and Trust Co., FSB or such other designated broker as may be selected by the Company to assist with the sale of the Shares on your behalf pursuant to this authorization, and you expressly authorize such broker to complete the sale of such Shares. You also agree to sign any agreements, forms and/or consents that may be reasonably requested by the Company (or the Company's designated broker) to effectuate the sale of the Shares (including, without limitation, as to the transfers of the proceeds and other exchange control matters noted below) and to otherwise cooperate with the Company with respect to such matters, provided that you shall not be permitted to exercise any influence over how, when or whether the sales occur. Upon the sale of the Shares, you will receive the cash proceeds from the sale, less any applicable Tax Obligations, brokerage fees or commissions, in accordance with applicable exchange control laws and regulations.

You acknowledge that Merrill Lynch Bank and Trust Co., FSB or such other designated broker as may be selected by the Company is under no obligation to arrange for the sale of the Shares at any particular price. Due to fluctuations in the Share price and/or applicable exchange rates between the settlement date and (if later) the date on which the Shares are sold, the amount of proceeds ultimately distributed to you may be more or less than the market value of the Shares on the settlement date (which is the amount relevant to determining your liability for Tax Obligations). You understand and agree that the Company is not responsible for the amount of any loss that you may incur and that the Company assumes no liability for any fluctuations in the Share price and/or any applicable exchange rate.

**Designated Broker Account.** If Shares issued upon the settlement of the Units are not immediately sold, you acknowledge that you are required to maintain the Shares in an account with Merrill Lynch Bank and

Trust Co., FSB or such other designated broker as may be selected by the Company until the Shares are sold through such Company-designated broker.

**Exchange Control Requirements.** You understand and agree that, pursuant to local exchange control requirements, you will be required to repatriate the cash proceeds from the sale of the Shares issued to you upon settlement of the Units and from the receipt of any dividends or Dividend Equivalents to China. You further understand that, under applicable laws, such repatriation of your cash proceeds will need to be effectuated through a special exchange control account established by the Company or any Affiliate, including the Employer, and you hereby consent and agree that any proceeds may be transferred to such special account prior to being delivered to you. You also understand that the Company will deliver the proceeds to you as soon as possible, but that there may be delays in distributing the funds to you due to exchange control requirements in China. Proceeds may be paid to you in U.S. dollars or local currency at the Company's discretion. If the proceeds are paid to you in U.S. dollars, you will be required to set up a U.S. dollar bank account in China so that the proceeds may be deposited into this account. If the proceeds are paid to you in local currency, the Company is under no obligation to secure any particular currency conversion rate and the Company may face delays in converting the proceeds to local currency due to exchange control restrictions. You further agree to comply with any other requirements that may be imposed by the Company in the future in order to facilitate compliance with exchange control requirements in China.

***NOTIFICATIONS***

**Foreign Asset/Account Reporting Information.** Effective January 1, 2014, PRC residents are required to report to SAFE details of their foreign financial assets and liabilities, as well as details of any economic transactions conducted with non-PRC residents, either directly or through financial institutions. Shares or Units acquired under the Plan and Plan-related transactions may be subject to reporting under these new rules. It is your responsibility to comply with this reporting obligation and you should consult your personal tax advisor in this regard.

**COLOMBIA**

***NOTIFICATIONS***

**Exchange Control Information.** Investment in assets located abroad (such as Shares acquired under the Plan) does not require prior approval from the Central Bank (*Banco de la República*). However, if the value of your aggregate investments held abroad (including Shares) equals or exceeds US$500,000 as of December 31 of the applicable calendar year, these investments must be registered with the Central Bank. Upon sale or other disposition of investments (including Shares) which have been registered with the Central Bank, the registration with the Central Bank must be cancelled no later than March 31 of the year following the year of the sale or disposition (or a fine of up to 200% of the value of the infringing payment will apply).

**CROATIA**

***NOTIFICATIONS***

**Exchange Control Information.** Croatian residents must report any foreign investments (including Shares acquired under the Plan) to the Croatian National Bank for statistical purposes and obtain prior approval of the Croatian National Bank for bank accounts opened abroad. You should be aware that exchange control regulations in Croatia are subject to frequent change and you are solely responsible for ensuring your continued compliance with current Croatian exchange control laws.

**CZECH REPUBLIC**

*NOTIFICATIONS*

**Exchange Control Information.** Proceeds from the sale of Shares, any dividends paid on such Shares or Dividend Equivalents may be held in a cash account abroad and you are no longer required to report the opening and maintenance of a foreign account to the Czech National Bank (the "CNB"), unless the CNB notifies you specifically that such reporting is required. Upon request of the CNB, you may need to file a notification within 15 days of the end of the calendar quarter in which you acquire Shares.

**DENMARK**

*TERMS AND CONDITIONS*

**Danish Stock Option Act.** In accepting the Units, you acknowledge that you have received an Employer Statement translated into Danish, which is being provided to comply with the Danish Stock Option Act. To the extent more favorable to you and required to comply with the Stock Option Act, the terms set forth in the Employer Statement will apply to your participation in the Plan.

*NOTIFICATIONS*

**Foreign Asset/Account Reporting Information.** If you establish an account holding Shares or an account holding cash outside Denmark, you must report the account to the Danish Tax Administration. The form which should be used in this respect can be obtained from a local bank. (These obligations are separate from and in addition to the obligations described below.)

**Securities/Tax Reporting Information.** If you hold Shares acquired under the Plan in a brokerage account with a broker or bank outside Denmark, you are required to inform the Danish Tax Administration about the account. For this purpose, you must sign and file a Form V (*Erklaering V*) with the Danish Tax Administration.Both you and the broker or bank must sign the Form V. By signing the Form V, the broker or bank undertakes an obligation, without further request each year and not later than February 1 of the year following the calendar year to which the information relates, to forward information to the Danish Tax Administration concerning the Shares in the account. In the event that the applicable broker or bank with which the account is held does not also sign the Form V, you acknowledge that you are solely responsible for providing certain details regarding the foreign brokerage or bank account and any Shares acquired under the Plan and held in such account to the Danish Tax Administration as part of your annual income tax return. By signing the Form V, you authorize the Danish Tax Administration to examine the account.

In addition, if you open a brokerage account or a bank account with a U.S. bank, the account will be treated as a "deposit account" because cash can be held in the account. Therefore, you likely must also file a Form K (*Erklaering K*) with the Danish Tax Administration. The Form K must be signed by you and by the applicable broker or bank where the account is held, unless an exemption from the broker/bank signature requirement is obtained from the Danish Tax Administration (which exemption may be sought on the Form K itself). By signing the Form K, you (and the broker/bank to the extent the exemption is not obtained) undertake an obligation, without further request each year, to forward information to the Danish Tax Administration concerning the content of the account. If the applicable broker or bank does not sign the Form K for any reason, you are solely responsible for providing the necessary information to the Danish Tax Administration. By signing the Form K, you authorize the Danish Tax Administration to examine the account. A sample of Declaration K can be found at the following website: www.skat.dk.

**EGYPT**

***NOTIFICATIONS***

**Exchange Control Information.** If you transfer funds into Egypt in connection with the Units, you are required to transfer the funds through a registered bank in Egypt.

**FINLAND**

There are no country-specific provisions.

**FRANCE**

***TERMS AND CONDITIONS***

**Language Consent.** By accepting the grant, you confirm having read and understood the Plan and Agreement which were provided in the English language. You accept the terms of those documents accordingly.

*En acceptant l'attribution, vous confirmez avoir lu et compris le Plan et le Contrat, qui ont été communiqués en langue anglaise. Vous acceptez les termes de ces documents en connaissance de cause.*

***NOTIFICATIONS***

**Foreign Asset/Account Reporting Information.** If you hold Shares outside of France or maintain a foreign bank account, you are required to report such to the French tax authorities when filing your annual tax return. Failure to comply could trigger significant penalties.

**GERMANY**

***NOTIFICATIONS***

**Exchange Control Information**. Cross-border payments in excess of €12,500 must be reported monthly to the German Federal Bank (*Bundesbank*). In case of payments in connection with securities (including proceeds realized upon the sale of Shares or the receipt of dividends or Dividend Equivalents), the report must be made by the 5th day of the month following the month in which the payment was received and must be filed electronically. The form of report (*Allgemeine Meldeportal Statistik*) can be accessed via the *Bundesbank's* website (www.bundesbank.de) and is available in both German and English. You are responsible for satisfying the reporting obligation.

**GREECE**

There are no country-specific provisions.

**HONG KONG**

***TERMS AND CONDITIONS***

***SECURITIES WARNING:*** *The Units and any Shares issued in respect of the Units do not constitute a public offering of securities under Hong Kong law and are available only to members of the Board, Employees and Consultants. The Agreement, including this Appendix, the Plan and other incidental communication materials have not been prepared in accordance with and are not intended to constitute a "prospectus" for a public offering of securities under the applicable securities legislation in Hong Kong, nor have the documents been reviewed by any regulatory authority in Hong Kong. The Units and any documentation related thereto are intended solely for the personal use of each member of the Board, Employee and/or*

*Consultant and may not be distributed to any other person. If you are in doubt about any of the contents of the Agreement, including this Appendix, or the Plan, you should obtain independent professional advice.*

**Units Payable Only in Shares.** Notwithstanding any discretion in the Plan or anything to the contrary in the Agreement, the Units do not provide any right for you to receive a cash payment and shall be paid in Shares only.

**Sale of Shares.** In the event that Shares are issued in respect of the Units within six (6) months of the Grant Date, you agree that you will not dispose of the Shares prior to the six (6)-month anniversary of the Grant Date.

***NOTIFICATIONS***

**Nature of Scheme.** The Company specifically intends that the Plan will not be an occupational retirement scheme for purposes of the Occupational Retirement Schemes Ordinance.

**HUNGARY**

There are no country-specific provisions.

**ICELAND**

***NOTIFICATIONS***

**Exchange Control Information.** You should consult with your personal advisor to ensure compliance with applicable exchange control regulations in Iceland as such regulations are subject to frequent change. You are responsible for ensuring compliance with all exchange control laws in Iceland.

**INDIA**

***NOTIFICATIONS***

**Exchange Control Information.** You understand that you must repatriate any cash dividends paid on Shares acquired under the Plan to India or any Dividend Equivalents paid in cash within 180 days of receipt, and any proceeds from the sale of Shares acquired under the Plan within 90 days of receipt. You will receive a foreign inward remittance certificate ("FIRC") from the bank where you deposit the foreign currency, and you must maintain the FIRC as proof of repatriation of funds in the event that the Reserve Bank of India or the Employer requests proof of repatriation. It is your responsibility to comply with these requirements.

**Foreign Asset/Account Reporting Information**. You are required to declare foreign bank accounts and any foreign financial assets (including Shares held outside India) in your annual tax return. It is your responsibility to comply with this reporting obligation and you should consult your personal tax advisor in this regard.

**IRELAND**

***TERMS AND CONDITIONS***

**Nature of Agreement.** This provision supplements Section XI of the Agreement:

In accepting any Units granted hereunder, you understand and agree that the benefits received under the Plan will not be taken into account for any redundancy or unfair dismissal claim.

*NOTIFICATIONS*

**Director Notification Requirements.** If you are a director, shadow director or secretary of an Irish Affiliate, you must notify the Irish Affiliate in writing within five (5) business days of receiving or disposing of an interest in the Company (*e.g.,* the Units or Shares), or within five (5) business days of becoming aware of the event giving rise to the notification requirement, or within five (5) business days of becoming a director or secretary if such an interest exists at the time. This notification requirement also applies with respect to the interests of a spouse or minor children (whose interests, if any, will be attributed to the director, shadow director or secretary).

**ITALY**

*TERMS AND CONDITIONS*

**Data Privacy Notice.** The following provision replaces Section XIV of the Agreement:

***You understand that the Employer, the Company and any Affiliate may hold certain personal information about you, including, but not limited to, your name, home address and telephone number, date of birth, social insurance (to the extent permitted under Italian law) or other identification number, salary, nationality, job title, any shares or directorships held in the Company or any Affiliate, details of all Awards granted, or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in your favor, for the exclusive purpose of implementing, managing and administering the Plan ("Data").***

***You also understand that providing the Company with Data is necessary for the performance of the Plan and that your refusal to provide such Data would make it impossible for the Company to perform its contractual obligations and may affect your ability to participate in the Plan. The Controller of personal data processing is Amgen Inc., with registered offices at One Amgen Center Drive, Thousand Oaks, California 91320, U.S.A., and, pursuant to Legislative Decree no. 196/2003, its Representative in Italy for privacy purposes is Amgen Dompe S.p.A., with registered offices at Via Tazzoli, 6 - 20154 Milan, Italy.***

***You understand that Data will not be publicized, but it may be transferred to banks, other financial institutions, or brokers involved in the management and administration of the Plan. You understand that Data may also be transferred to the independent registered public accounting firm engaged by the Company. You further understand that the Company and/or any Affiliate will transfer Data among themselves as necessary for the purposes of implementing, administering and managing your participation in the Plan, and that the Company and/or any Affiliate may each further transfer Data to third parties assisting the Company in the implementation, administration, and management of the Plan, including any requisite transfer of Data to a broker or other third party with whom you may elect to deposit any Shares acquired at vesting of the Units. Such recipients may receive, possess, use, retain, and transfer Data in electronic or other form, for the purposes of implementing, administering, and managing your participation in the Plan. You understand that these recipients may be located in or outside the European Economic Area, such as in the United States or elsewhere. Should the Company exercise its discretion in suspending all necessary legal obligations connected with the management and administration of the Plan, it will delete Data as soon as it has completed all the necessary legal obligations connected with the management and administration of the Plan.***

***You understand that Data processing related to the purposes specified above shall take place under automated or non-automated conditions, anonymously when possible, that comply with the purposes for***

***which Data is collected and with confidentiality and security provisions, as set forth by applicable laws and regulations, with specific reference to Legislative Decree no. 196/2003.***

***The processing activity, including communication, the transfer of Data abroad, including outside of the European Economic Area, as herein specified and pursuant to applicable laws and regulations, does not require your consent thereto, as the processing is necessary to performance of contractual obligations related to implementation, administration, and management of the Plan. You understand that, pursuant to Section 7 of the Legislative Decree no. 196/2003, you have the right to, including but not limited to, access, delete, update, correct, or terminate, for legitimate reason, the Data processing.***

***Furthermore, you are aware that Data will not be used for direct-marketing purposes. In addition, Data provided can be reviewed and questions or complaints can be addressed by contacting your local human resources representative.***

**Acknowledgement of Nature of Agreement.** By accepting any Units granted hereunder, you acknowledge that (1) you have received a copy of the Plan, the Agreement and this Appendix; (2) you have reviewed the applicable documents in their entirety and fully understand the contents thereof; and (3) you accept all provisions of the Plan, the Agreement and this Appendix.

For any Units granted, you further acknowledge that you have read and specifically and explicitly approve, without limitation, the following sections of the Agreement: Section I; Section II; Section III; Section VIII; Section X; Section XI; Section XIV (as replaced by the above consent); Section XVI; and Section XVII.

*NOTIFICATIONS*

**Foreign Asset/Account Reporting Information.** Italian residents who, at any time during the fiscal year, hold foreign financial assets (including cash and Shares) which may generate income taxable in Italy are required to report these assets on their annual tax returns (UNICO Form, RW Schedule) for the year during which the assets are held, or on a special form if no tax return is due. These reporting obligations will also apply to Italian residents who are the beneficial owners of foreign financial assets under Italian money laundering provisions.

**Foreign Financial Assets Tax.** The fair market value of any Shares held outside of Italy is subject to a foreign assets tax. The fair market value is considered to be the value of the Shares on the NASDAQ Global Select Market on December 31 of each year or on the last day in the applicable year on which you held the Shares (or when the Shares are acquired during the course of the year, the tax is levied in proportion to the actual days of holding over the calendar year). You should consult with your personal tax advisor about the foreign financial assets tax.

**JAPAN**

*NOTIFICATIONS*

**Foreign Asset/Account Reporting Information.** You will be required to report to the Japanese tax authorities details of any assets held outside of Japan as of December 31st (including any Shares acquired under the Plan) to the extent such assets have a total net fair market value exceeding ¥50,000,000. Such report will be due by March 15 each year. You should consult with your personal tax advisor as to whether the reporting obligation applies to you and whether you will be required to include in the report details of any Shares or cash that you hold.

**JORDAN**

There are no country-specific provisions.

**KOREA**

***NOTIFICATIONS***

**Exchange Control Information.** You are required to repatriate any proceeds in excess of US$500,000 realized in a single transaction from the sale of Shares or the receipt of dividends or Dividend Equivalents to Korea within 18 months of receipt.

**Foreign Asset/Account Reporting Information.** You are required to declare all foreign financial accounts (*e.g.* non-Korean bank accounts, brokerage accounts holding Shares, etc.) to the Korean tax authority and file a report regarding such accounts if the value of such accounts exceeds KRW1,000,000,000 (or an equivalent amount in foreign currency). It is your responsibility to comply with this reporting obligation and you should consult your personal tax advisor to ensure compliance with this requirement.

**LEBANON**

There are no country-specific provisions.

**LITHUANIA**

There are no country-specific provisions.

**MEXICO**

***TERMS AND CONDITIONS***

**Acknowledgement of the Agreement.** In accepting the Award granted hereunder, you acknowledge that you have received a copy of the Plan, have reviewed the Plan and the Agreement, including this Appendix, in their entirety and fully understand and accept all provisions of the Plan and the Agreement, including this Appendix. You further acknowledge that you have read and specifically and expressly approve the terms and conditions of Section XI of the Agreement, in which the following is clearly described and established:

(1) Your participation in the Plan does not constitute an acquired right.

(2) The Plan and your participation in the Plan are offered by Amgen Inc. on a wholly discretionary basis.

(3) Your participation in the Plan is voluntary.

(4) Amgen Inc. and its Affiliates are not responsible for any decrease in the value of the Units granted and/or Shares issued under the Plan.

**Labor Law Acknowledgement and Policy Statement.** In accepting any Award granted hereunder, you expressly recognize that Amgen Inc., with registered offices at One Amgen Center Drive, Thousand Oaks, California 91320, U.S.A., is solely responsible for the administration of the Plan and that your participation in the Plan and acquisition of Shares do not constitute an employment relationship between you and Amgen Inc. since you are participating in the Plan on a wholly commercial basis and your sole employer is Amgen Latin America Services, S.A. de C.V. ("Amgen-Mexico"). Based on the foregoing, you expressly recognize

that the Plan and the benefits that you may derive from participation in the Plan do not establish any rights between you and your employer, Amgen-Mexico, and do not form part of the employment conditions and/or benefits provided by Amgen-Mexico and any modification of the Plan or its termination shall not constitute a change or impairment of the terms and conditions of your employment.

You further understand that your participation in the Plan is as a result of a unilateral and discretionary decision of Amgen Inc.; therefore, Amgen Inc. reserves the absolute right to amend and/or discontinue your participation in the Plan at any time without any liability to you.

Finally, you hereby declare that you do not reserve to yourself any action or right to bring any claim against Amgen Inc. for any compensation or damages regarding any provision of the Plan or the benefits derived under the Plan, and you therefore grant a full and broad release to Amgen Inc., its Affiliates, shareholders, officers, agents or legal representatives with respect to any claim that may arise.

**Spanish Translation**

**Reconocimiento del Otorgamiento.** Al aceptar cualquier Otorgamiento bajo el presente documento, usted reconoce que ha recibido una copia del Plan, que ha revisado el mismo en su totalidad, así como también el Acuerdo de Opción, el Acuerdo, incluyendo este Apéndice, además que comprende y está de acuerdo con todas las disposiciones tanto del Plan y del Otorgamiento, incluyendo este Apéndice. Asimismo, usted reconoce que ha leído y manifiesta específicamente y expresamente la conformidad con los términos y condiciones establecidos en la Sección X del Acuerdo, en los que se establece y describe claramente que:

(1) Su participación en el Plan de ninguna manera constituye un derecho adquirido.

(2) El Plan y su participación en el mismo son ofrecidos por Amgen Inc. de forma completamente discrecional.

(3) Su participación en el Plan es voluntaria.

(4) Amgen Inc. y sus Afiliados no son responsables de ninguna disminución en el valor de Unidades o de las Acciones Comunes emitidas mediante el Plan.

**Reconocimiento de la Ley Laboral y Declaración de Política.** Al aceptar cualquier Otorgamiento de Acciones bajo el presente, usted reconoce expresamente que Amgen Inc., con oficinas registradas localizadas en One Amgen Center Drive, Thousand Oaks, California 91320, U.S.A., es la única responsable de la administración del Plan y que su participación en el mismo y la adquisición de Acciones Comunes no constituyen de ninguna manera una relación laboral entre usted y Amgen Inc., debido a que su participación en el Plan es únicamente una relación comercial y que su único empleador es Amgen Latin America Services, S.A. de C.V. ("Amgen-México"). Derivado de lo anterior, usted reconoce expresamente que el Plan y los beneficios a su favor que pudieran derivar de la participación en el mismo, no establecen ningún derecho entre usted y su empleador, Amgen - México, y no forman parte de las condiciones laborales y/o los beneficios otorgados por Amgen - México, y cualquier modificación del Plan o la terminación del mismo no constituirá un cambio o desmejora de los términos y condiciones de su trabajo.

Asimismo, usted entiende que su participación en el Plan es resultado de la decisión unilateral y discrecional de Amgen Inc., por lo tanto, Amgen Inc. se reserva el derecho absoluto de modificar y/o descontinuar su participación en el Plan en cualquier momento y sin ninguna responsabilidad para usted.

Finalmente, usted manifiesta que no se reserva ninguna acción o derecho que origine una demanda en contra de Amgen Inc., por cualquier compensación o daños y perjuicios, en relación con cualquier disposición del

Plan o de los beneficios derivados del mismo, y en consecuencia usted exime amplia y completamente a Amgen Inc. de toda responsabilidad, como así también a sus Afiliadas, accionistas, directores, agentes o representantes legales con respecto a cualquier demanda que pudiera surgir.

**MOROCCO**

***TERMS AND CONDITIONS***

**Sale Requirement.** Notwithstanding anything to the contrary in the Agreement, due to exchange control laws in Morocco, you agree that the Company reserves the right to require the immediate sale of any Shares acquired upon settlement of the Units. Alternatively, if the Shares are not immediately sold upon settlement of the Units, the Company may require the sale of any Shares at a later date, including upon termination of your employment.

You agree that the Company is authorized to instruct Merrill Lynch Bank and Trust Co., FSB or such other designated broker as may be selected by the Company to assist with the sale of the Shares on your behalf pursuant to this authorization, and you expressly authorize such broker to complete the sale of such Shares. You also agree to sign any agreements, forms and/or consents that may be reasonably requested by the Company (or the Company's designated broker) to effectuate the sale of the shares (including, without limitation, as to the transfers of the proceeds and other exchange control matters noted below) and to otherwise cooperate with the Company with respect to such matters, provided that you shall not be permitted to exercise any influence over how, when or whether the sales occur. Upon the sale of the Shares, you will receive the cash proceeds from the sale, less any applicable Tax Obligations, brokerage fees or commissions, in accordance with applicable exchange control laws and regulations.

You acknowledge that Merrill Lynch Bank and Trust Co., FSB or such other designated broker as may be selected by the Company is under no obligation to arrange for the sale of the Shares at any particular price. Due to fluctuations in the Share price and/or applicable exchange rates between the settlement date and (if later) the date on which the Shares are sold, the amount of proceeds ultimately distributed to you may be more or less than the market value of the Shares on the settlement date (which is the amount relevant to determining your liability for Tax Obligations). You understand and agree that the Company is not responsible for the amount of any loss that you may incur and that the Company assumes no liability for any fluctuations in the Share price and/or any applicable exchange rate.

**Designated Broker Account.** If Shares issued upon the settlement of the Units are not immediately sold, you acknowledge that you are required to maintain the Shares in an account with Merrill Lynch Bank and Trust Co., FSB or such other designated broker as may be selected by the Company until the Shares are sold through such Company-designated broker.

**Exchange Control Requirements.** You understand and agree that, pursuant to local exchange control requirements, you will be required to repatriate the cash proceeds from the sale of the Shares issued upon settlement of the Units to Morocco. You further understand that such repatriation of your cash proceeds may be effectuated through a bank account established by the Company or any Affiliate, including the Employer, and you hereby consent and agree that any proceeds from the sale of the Shares may be transferred to such bank account prior to being delivered to you. If repatriation of your cash proceeds is not effectuated through a bank account established by the Company or any Affiliate, including the Employer, you hereby agree to maintain your own records proving repatriation and to provide copies of these records upon request by the Company or any Affiliate, including the Employer, or the Moroccan Exchange Control Office (Office des Changes). Further, you acknowledge and understand that the net proceeds that you realize from your participation in the Plan must be converted from U.S. dollars to Dirham, and that neither the Company nor

any Affiliate, including the Employer, have any obligation to, but may nonetheless, convert the net proceeds on your behalf using any exchange rate chosen by the Company; if funds are so converted, they will be converted as soon as practicable after sale, which may not be immediately after the sale date. Further, if such currency conversion occurs, you will bear the risk of any fluctuation in the U.S. dollar/Dirham exchange rate between the date you realize U.S. dollar proceeds from your participation in the Plan and the date that you receive cash proceeds converted to Dirham. You further agree to comply with any other requirements that may be imposed by the Company in the future in order to facilitate compliance with exchange control requirements in Morocco.

**NETHERLANDS**

There are no country-specific provisions.

**NEW ZEALAND**

There are no country-specific provisions.

**NORWAY**

There are no country-specific provisions.

**PERU**

***NOTIFICATIONS***

**Securities Law Information.** The grant of Units is considered a private offering in Peru; therefore, it is not subject to registration.

**POLAND**

***NOTIFICATIONS***

**Exchange Control Information.** Polish residents holding foreign securities (including Shares) and maintaining accounts abroad must report information to the National Bank of Poland. Specifically, if the aggregate value of shares and cash held in such foreign accounts exceeds PLN 7 million, Polish residents must file reports on the transactions and balances of the accounts on a quarterly basis. If required, the reports are due on a quarterly basis by the 20th day following the end of each quarter and must be filed on special forms available on the website of the National Bank of Poland. In addition, Polish residents are required to transfer funds through a bank account in Poland if the transferred amount in any single transaction exceeds a specified threshold (currently €15,000). You must store all documents connected with any foreign exchange transactions you engage in for a period of five years.

**PORTUGAL**

***TERMS AND CONDITIONS***

**Consent to Receive Information in English.** You hereby expressly declare that you have full knowledge of the English language and have read, understood and fully accepted and agreed with the terms and conditions established in the Plan and Agreement.

**Conhecimento da Lingua.** *Por meio do presente, eu declaro expressamente que tem pleno conhecimento da língua inglesa e que li, compreendi e livremente aceitei e concordei com os termos e condições estabelecidas no Plano e no Acordo.*

***NOTIFICATIONS***

**Exchange Control Information.** If you do not hold the Shares acquired under the Plan with a Portuguese financial intermediary, you will need to file a report with the Portuguese Central Bank. If the Shares are held by a Portuguese financial intermediary, it will file the report for you.

**PUERTO RICO**

There are no country-specific provisions.

**ROMANIA**

***NOTIFICATIONS***

**Exchange Control Information.** If you deposit proceeds from the sale of Shares or the receipt of dividends or Dividend Equivalents in a bank account in Romania, you may be required to provide the Romanian bank assisting with the transaction with appropriate documentation explaining the source of the income. You should consult with a legal advisor to determine whether you will be required to submit such documentation to the Romanian bank.

**RUSSIA**

***TERMS AND CONDITIONS***

**Exchange Control Requirements.** You understand and agree that, pursuant to Russian exchange control requirements, you will be required to repatriate to Russia the cash proceeds from the sale of the Shares issued to you upon settlement of the Units and from the receipt of any dividends paid on such Shares or Dividend Equivalents. You further understand that, under applicable laws, such proceeds must be initially credited to you through a foreign currency account opened in your name at an authorized bank in Russia. You further agree to comply with any other requirements that may be imposed by the Company in the future in order to facilitate compliance with exchange control requirements in Russia. Without limiting the generality of the foregoing, you acknowledge that the Company reserves the right, in its sole discretion depending on developments in Russian exchange control laws and regulations, to force the immediate sale of any Shares to be issued upon vesting of the Units. You further agree that, if applicable, the Company is authorized to instruct Merrill Lynch Bank & Trust Co., FSB (or such other broker as may be designated by the Company) to assist with the mandatory sale of such Shares (on your behalf pursuant to this authorization) and you expressly authorize Merrill Lynch Bank & Trust Co., FSB (or such other broker as may be designated by the Company) to complete the sale of such Shares. You further acknowledge that Merrill Lynch Bank & Trust Co., FSB (or such other broker as may be designated by the Company) is under no obligation to arrange for the sale of the Shares at any particular trading price. Upon the sale of Shares, you will receive the cash proceeds from the sale of Shares, less any brokerage fees or commissions and subject to your obligations in connection with the Tax Obligations.

**Securities Law Requirements.** Any Units granted hereunder, the Agreement, including this Appendix, the Plan and all other materials you may receive regarding your participation in the Plan or any Units granted hereunder do not constitute advertising or an offering of securities in Russia. The issuance of Shares under

the Plan has not and will not be registered in Russia; therefore, Shares may not be offered or placed in public circulation in Russia.

In no event will Shares acquired under the Plan be delivered to you in Russia; all Shares will be maintained on your behalf in the United States.

You are not permitted to sell any Shares acquired under the Plan directly to a Russian legal entity or resident.

**Labor Law Information.** You acknowledge that if you continue to hold Shares acquired under the Plan after an involuntary termination of your employment, you will not be eligible to receive
unemployment benefits in Russia.

**Data Privacy Notice.** The following provision supplements Section XIV of the Agreement:

You understand and agree that you must complete and return a Consent to Processing of Personal Data (the "Consent") form to the Company. Further, you understand and agree that if you do not complete and return a Consent form to the Company, the Company will not be able to administer or maintain the Units. Therefore, you understand that refusing to complete a Consent form or withdrawing your consent may affect your ability to participate in the Plan.

***NOTIFICATIONS***

**Exchange Control Information.** After funds from the sale of Shares are initially received in Russia pursuant to your repatriation obligation, they may be further remitted to a foreign bank subject to the following limitations: (i) the foreign account may be opened only for individuals; (ii) the foreign account may not be used for business activities; (iii) the Russian tax authorities must be given notice about the opening/closing of each foreign account within one month of the account opening/closing; (iv) the Russian tax authorities must be given notice of the account balances of such foreign accounts as of the beginning of each calendar year; and (v) beginning January 1, 2015 (or such later date as may be established by the Russian tax authorities), quarterly cash flow statements must be filed for each foreign account held by you. According to recent amendments to the law, dividends received on Shares acquired under the Plan can be remitted directly to your bank account opened with a foreign bank located in Organisation for Economic Co-operation and Development ("OECD") or Financial Action Task Force ("FATF") countries, without first remitting them to your bank account in Russia. You are encouraged to contact your personal advisor before remitting your proceeds from participation in the Plan to Russia as exchange control requirements may change.

**Anti-Corruption Legislation Information.** Individuals holding public office in Russia, as well as their spouses and dependent children, may be prohibited from opening or maintaining a foreign brokerage or bank account and holding any securities, whether acquired directly or indirectly, in a foreign company (including Shares acquired under the Plan). You should consult with your personal legal advisor to determine whether this restriction applies to your circumstances.

**SAUDI ARABIA**

***NOTIFICATIONS***

**Securities Law Information.** This document may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Offers of Securities Regulations issued by the Capital Market Authority.

The Capital Market Authority does not make any representation as to the accuracy or completeness of this document, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this document. You are hereby advised to conduct your own due diligence on the accuracy of the information relating to the Shares. If you do not understand the contents of this document, you should consult an authorized financial adviser.

**SINGAPORE**

***NOTIFICATIONS***

**Securities Law Information.** The grant of the Units is being made pursuant to the "Qualifying Person" exemption under section 273(1)(f) of the Securities and Futures Act (Chapter 289, 2006 Ed.) ("SFA") and is not made with a view to the Units being subsequently offered for sale to any other party. The Plan has not been lodged or registered as a prospectus with the Monetary Authority of Singapore. You should note that the Units are subject to section 257 of the SFA and you will not be able to make (i) any subsequent sale of Shares in Singapore or (ii) any offer of such subsequent sale of Shares subject to the Units in Singapore, unless such sale or offer is made pursuant to the exemptions under Part XIII Division (1) Subdivision (4) (other than section 280) of the SFA.

**Director Notification Requirement.** Directors, associate directors and shadow directors of a Singapore Affiliate are subject to certain notification requirements under the Singapore Companies Act. Directors, associate directors and shadow directors must notify the Singapore Affiliate in writing of an interest (*e.g.*, Units, Shares, etc.) in the Company or any related company within two (2) business days of (i) its acquisition or disposal, (ii) any change in a previously disclosed interest (*e.g.,* when the Shares are sold), or (iii) becoming a director, associate director or shadow director.

**SLOVAK REPUBLIC**

**Foreign Asset/Account Reporting Information.** If you permanently reside in the Slovak Republic and, apart from being employed, carry on business activities as an independent entrepreneur (in Slovakian, podnikatel), you will be obligated to report your foreign assets (including any foreign securities such as the Shares) to the National Bank of Slovakia (provided that the value of the foreign assets exceeds an amount of €2,000,000). These reports must be submitted on a monthly basis by the 15th day of the respective calendar month, as well as on a quarterly basis by the 15th day of the calendar month following the respective calendar quarter, using notification form DEV (NBS) 1-12, which may be found at the National Bank of Slovakia's website at www.nbs.sk.

**SLOVENIA**

There are no country-specific provisions.

**SOUTH AFRICA**

***TERMS AND CONDITIONS***

**Responsibility for Taxes.** The following provision supplements Section III of the Agreement:

By accepting the Units, you agree that, immediately upon vesting and settlement of the Units, you will notify your Employer of the amount of any gain realized. If you fail to advise your Employer of the gain realized upon vesting and settlement, you may be liable for a fine. You will be solely responsible for paying any difference between your actual tax liability and the amount withheld by your Employer.

*NOTIFICATIONS*

**Exchange Control Information.** Because no transfer of funds from South Africa is required under the Units, no filing or reporting requirements should apply when the Units are granted or when Shares are issued upon vesting and settlement of the Units. However, because the exchange control regulations are subject to change, you should consult your personal advisor prior to vesting and settlement of the Units to ensure compliance with current regulations. You are responsible for ensuring compliance with all exchange control laws in South Africa.

**SPAIN**

*TERMS AND CONDITIONS*

**Labor Law Acknowledgement.** The following provision supplements Section XI of the Agreement:

By accepting the Units granted hereunder, you consent to participation in the Plan and acknowledge that you have received a copy of the Plan.

You understand that the Company has unilaterally, gratuitously and in its sole discretion decided to grant any Units under the Plan to individuals who may be members of the Board, Employees or Consultants of the Company or its Affiliates throughout the world. The decision is a limited decision, which is entered into upon the express assumption and condition that any Units granted will not economically or otherwise bind the Company or any of its Affiliates on an ongoing basis, other than as expressly set forth in the Agreement, including this Appendix. Consequently, you understand that the Units granted hereunder are given on the assumption and condition that they shall not become a part of any employment contract (either with the Company or any of its Affiliates) and shall not be considered a mandatory benefit, salary for any purposes (including severance compensation) or any other right whatsoever. Further, you understand and freely accept that there is no guarantee that any benefit whatsoever shall arise from any gratuitous and discretionary grant of Units since the future value of the Units and the underlying Shares is unknown and unpredictable. In addition, you understand that any Units granted hereunder would not be made but for the assumptions and conditions referred to above; thus, you understand, acknowledge and freely accept that, should any or all of the assumptions be mistaken or should any of the conditions not be met for any reason, then any grant of Units or right to Units shall be null and void.

Further, the vesting of the Units is expressly conditioned on your continued and active rendering of service, such that if your employment terminates for any reason whatsoever, the Units may cease vesting immediately, in whole or in part, effective on the date of your termination of employment (unless otherwise specifically provided in Section I of the Agreement). This will be the case, for example, even if (1) you are considered to be unfairly dismissed without good cause; (2) you are dismissed for disciplinary or objective reasons or due to a collective dismissal; (3) you terminate service due to a change of work location, duties or any other employment or contractual condition; (4) you terminate service due to a unilateral breach of contract by the Company or an Affiliate; or (5) your employment terminates for any other reason whatsoever. Consequently, upon termination of your employment for any of the above reasons, you may automatically lose any rights to Units that were not vested on the date of your termination of employment, as described in the Plan and the Agreement.

You acknowledge that you have read and specifically accept the conditions referred to in Section I of the Agreement.

***NOTIFICATIONS***

**Securities Law Information.** No "offer of securities to the public," as defined under Spanish law, has taken place or will take place in the Spanish territory. The Agreement (including this Appendix) has not been nor will it be registered with the *Comisión Nacional del Mercado de Valores*, and does not constitute a public offering prospectus.

**Exchange Control Information.** If you acquire Shares under the Plan, you must declare the acquisition to the *Direccion General de Comercio e Inversiones* (the "DGCI"). If you acquire the Shares through the use of a Spanish financial institution, that institution will automatically make the declaration to the DGCI for you; otherwise, you will be required to make the declaration by filing a D-6 form. You must declare ownership of any shares with the DGCI each January while the Shares are owned and must also report, in January, any sale of Shares that occurred in the previous year for which the report is being made, unless the sale proceeds exceed the applicable threshold, in which case the report is due within one month of the sale.

**Foreign Asset/Account Reporting Information.** You are required to declare electronically to the Bank of Spain any securities accounts (including brokerage accounts held abroad), as well as the Shares held in such accounts if the value of the transactions during the prior tax year or the balances in such accounts as of December 31 of the prior tax year exceed €1,000,000.

Further, effective January 1, 2013, to the extent that you hold Shares and/or have bank accounts outside Spain with a value in excess of €50,000 (for each type of asset) as of December 31 each year, you will be required to report information on such assets in your tax return (tax form 720) for such year. After such Shares and/or accounts are initially reported, the reporting obligation will apply for subsequent years only if the value of any previously-reported Shares or accounts increases by more than €20,000. If the value of such Shares and/or accounts as of December 31 does not exceed €50,000, a summarized form of declaration may be presented.

**SWEDEN**

There are no country-specific provisions.

**SWITZERLAND**

***NOTIFICATIONS***

**Securities Law Notification.** The Units offered hereunder are considered a private offering in Switzerland and are, therefore, not subject to registration in Switzerland.

**TAIWAN**

***NOTIFICATIONS***

**Exchange Control Information.** You may acquire and remit foreign currency (including proceeds from the sale of Shares or the receipt of dividends or Dividend Equivalents) up to US$5,000,000 per year without justification. If the transaction amount is TWD500,000 or more in a single transaction, you must submit a Foreign Exchange Transaction Form. If the transaction amount is US$500,000 or more in a single transaction, you must also provide supporting documentation to the satisfaction of the remitting bank.

**THAILAND**

***NOTIFICATIONS***

**Exchange Control Information.** If proceeds from the sale of Shares or the receipt of any dividends or Dividend Equivalents exceed US$50,000, you must (i) immediately repatriate such funds to Thailand and (ii) report the inward remittance to the Bank of Thailand on a Foreign Exchange Transaction Form. In addition, within 360 days of repatriation, you must either convert any funds repatriated to Thailand to Thai Baht or deposit the funds in a foreign exchange account with a Thai bank.

**TUNISIA**

***NOTIFICATIONS***

**Exchange Control Information.** If you hold assets (including Shares acquired under the Plan) outside Tunisia and the value of such assets exceeds a certain threshold (currently TDN 500), you must declare the assets to the Central Bank of Tunisia within six (6) months of their acquisition. In addition, if you sell the Shares acquired under the Plan or receive cash dividends or Dividend Equivalents paid in cash, you are required to repatriate the proceeds to Tunisia. You are solely responsible for complying with all exchange control laws in Tunisia and are advised to consult with your personal legal advisor in this regard.

**TURKEY**

***NOTIFICATIONS***

**Securities Law Information.** Under Turkish law, you are not permitted to sell Shares acquired under the Plan in Turkey. You must sell the Shares acquired under the Plan outside of Turkey. The Shares are currently traded on the NASDAQ in the U.S. under the ticker symbol "AMGN" and Shares may be sold on this exchange, which is located outside of Turkey.

**Exchange Control Information.** Pursuant to Decree No. 32 on the Protection of the Value of the Turkish Currency ("Decree 32") and Communique No. 2008-32/34 on Decree No. 32, any activity related to investments in foreign securities (*e.g.*, the sale of Shares under the Plan, the receipt of cash dividends or Dividend Equivalents paid in cash) must be conducted through a bank or financial intermediary institution licensed by the Turkish Capital Markets Board and should be reported to the Turkish Capital Markets Board. You are advised to contact a personal legal advisor for further information regarding these requirements.

**UNITED ARAB EMIRATES**

***NOTIFICATIONS***

**Securities Law Notice.** Units under the Plan are granted only to select Board members, Employees and Consultants of the Company and its Affiliates and are for the purpose of providing equity incentives. The Plan and the Agreement are intended for distribution only to such Board members, Employees and Consultants and must not be delivered to, or relied on by, any other person. You should conduct your own due diligence on the Units offered pursuant to this Agreement. If you do not understand the contents of the Plan and/or the Agreement, you should consult an authorized financial adviser. The Emirates Securities and Commodities Authority and the Dubai Financial Services Authority have no responsibility for reviewing or verifying any documents in connection with the Plan. Further, the Ministry of the Economy and the Dubai Department of

Economic Development have not approved the Plan or the Agreement nor taken steps to verify the information set out therein, and have no responsibility for such documents.

**UNITED KINGDOM**

***TERMS AND CONDITIONS***

**Tax Withholding.** This provision supplements Section III of the Agreement:

You agree that if you do not pay or your Employer or the Company does not withhold from you the full amount of income tax that you owe at issuance of Shares in respect of the Units, or the release or assignment of the Units for consideration, or the receipt of any other benefit in connection with the Units (the "Taxable Event") within 90 days after the end of the tax year in which the Taxable Event occurs, or such other period specified in Section 222(1)(c) of the U.K. Income Tax (Earnings and Pensions) Act 2003 (the "Due Date"), then the amount that should have been withheld and/or paid shall constitute a loan owed by you to your Employer, effective on the Due Date. You agree that the loan will bear interest at the official rate of HM Revenue and Customs ("HMRC") and will be immediately due and repayable by you, and the Company and/or your Employer may recover it at any time thereafter (subject to Section III of the Agreement) by any of the means described in Section III of the Agreement. You also authorize the Company to delay the issuance of any Shares to you unless and until the loan is repaid in full.

Notwithstanding the foregoing, if you are an executive officer or director within the meaning of Section 13(k) of the Exchange Act, as amended from time to time, the terms of the immediately foregoing provision will not apply. In the event that you are an officer or executive director and income tax is not collected from you by the Due Date, the amount of any uncollected income tax may constitute a benefit to you on which additional income tax and national insurance contributions ("NICs") may be payable. You acknowledge that you are responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for reimbursing your Employer for the value of any NICs due on this additional benefit, which the Company or your Employer may recover from you by any of the means set forth in Section III of the Agreement.

**Joint Election.** As a condition of the Units granted hereunder, you agree to accept any liability for secondary Class 1 National Insurance Contributions (the "Employer NICs"), which may be payable by the Company or your Employer with respect to the Units and/or payment of the Units and issuance of Shares pursuant to the Units, the assignment or release of the Units for consideration, or the receipt of any other benefit in connection with the Units.

Without limitation to the foregoing, you agree to make an election (the "Election"), in the form specified and/or approved for such election by HMRC, that the liability for your Employer NICs payments on any such gains shall be transferred to you to the fullest extent permitted by law. You further agree to execute such other elections as may be required between you and any successor to the Company and/or your Employer. You hereby authorize the Company and your Employer to withhold such Employer NICs by any of the means set forth in Section III of the Agreement.

Failure by you to enter into an Election, withdrawal of approval of the Election by HMRC or a joint revocation of the Election by you and the Company or your Employer, as applicable, shall be grounds for the forfeiture and cancellation of the Units, without any liability to the Company or your Employer.

**UNITED STATES**

***TERMS AND CONDITIONS***

**Termination of Employment.** The following provision replaces Section I(i) of the Agreement:

(i) "termination of your active employment" shall mean the last date that you are either an active employee of the Company or an Affiliate or actively engaged as a Consultant or Director of the Company or an Affiliate; in the event of termination of your employment (whether or not in breach of local labor laws), your right to receive Units and vest under the Plan, if any, will terminate effective as of the date that you are no longer actively employed; *provided*, *however*, that such right will be extended by any notice period mandated by law (e.g. the Worker Adjustment and Retraining Notification Act ("WARN Act") notice period or similar periods pursuant to local law) and any paid administrative leave (as applicable), unless the Company shall provide you with written notice otherwise before the commencement of such notice period or leave; *provided further*, that in no event shall payment of the Units be made after the close of your taxable year which includes the applicable Vesting Date or, if later, after the 15th day of the third calendar month following the applicable Vesting Date;

**VENEZUELA**

***TERMS AND CONDITIONS***

**Form of Settlement- Units Payable Only in Shares.** Notwithstanding any discretion in the Plan or anything to the contrary in the Agreement, the Units do not provide any right for you, as a resident of Venezuela, to receive a cash payment and shall be paid in Shares only.

***NOTIFICATIONS***

**Exchange Control Information.** Any Shares acquired under the Plan are intended to be a personal investment and are not granted for the purposes of reselling the Shares and converting the proceeds into foreign currency. You are advised to consult with your personal legal advisor prior to vesting and settlement of the Units to ensure compliance with the applicable exchange control regulations in Venezuela, as such regulations change frequently. You are solely responsible for ensuring compliance with all exchange control laws in Venezuela.

**Securities Law Information.** The Units granted under the Plan and the Shares issued under the Plan are offered as a personal, private, exclusive transaction and do not constitute a public offering under local law.

**Form of Award Notice**

**[*The information set forth in this Award Notice will be contained on the related pages on Merrill Lynch Benefits Website (or the website of any successor company to Merrill Lynch Bank & Trust Co., FSB). This Award Notice shall be replaced by the equivalent pages on such website. References to Award Notice in this Agreement shall then refer to the equivalent pages on such website*]**

This notice of Award (the "Award Notice") sets forth certain details relating to the grant by the Company to you of the Award identified below, pursuant to the Plan. The terms of this Award Notice are incorporated into the Agreement that accompanies this Award Notice and made part of the Agreement. Capitalized terms used in this Award Notice that are not otherwise defined in this Award Notice have the meanings given to such terms in the Agreement.

| | |
|---|---|
| Employee: | |
| Employee ID: | |
| Address: | |
| Award Type: | |
| Grant ID: | |
| Plan: | Amgen Inc. Amended and Restated 2009 Equity Incentive Plan, as amended and/or restated from time to time |
| Program | Amgen Inc. 2009 Performance Award Program, as amended and/or restated from time to time |
| Grant Date: | |
| Number of Shares | |
| Number of Performance Units | |
| Resolutions: | The Resolutions of the Compensation and Management Development Committee of the Board of Directors of Amgen Inc., adopted on _____, regarding the Amgen Inc. 2009 Performance Award Program, as amended from time to time |
| Performance Period: | The Performance Period beginning on ____, 20__ and ending on _____, 20__ |
| Vesting Date: | Means the vesting date indicated in the Vesting Schedule |
| Vesting Schedule: | Means the schedule of vesting set forth under Vesting Details |
| Vesting Details: | Means the presentation (tabular or otherwise) of the Vesting Date and the quantity of Shares vesting. |

***IMPORTANT NOTICE REGARDING ACCEPTANCE OF THE AWARD***[1]:

***RESIDENTS OF THE U.S. AND PUERTO RICO***: Please read this Award Notice, the Plan and the Agreement (collectively, the "Grant Documents") carefully. If you, as a resident of the U.S. or Puerto Rico, do **not** wish to receive this Award and/or you do **not** consent and agree to the terms and conditions on which this Award is offered, as set forth in the Grant Documents, then you must reject the Award by contacting the Merrill Lynch call center (800) 97AMGEN (800-972-6436) within the U.S., Puerto Rico and Canada or +1 (609) 818-8910 from all other countries (Merrill Lynch will accept the charges for your call) no later than the forty-fifth calendar day following the day on which this Award Notice is made available to you, in which case the Award will be cancelled. For the purpose of determining the forty-five calendar days, Day 1 will be the day immediately following the day on which this Award Notice is made available to you. Your failure

[1] *.This provision is only for use on the form of grant used for the U.S. and Puerto Rico.*

to notify the Company of your rejection of the Award within this specified period will constitute your acceptance of the Award and your agreement with all terms and conditions of the Award, as set forth in the Grant Documents.

**PERFORMANCE UNIT AGREEMENT**

**THE SPECIFIC TERMS OF YOUR GRANT OF PERFORMANCE UNITS ARE FOUND IN THE PAGES RELATING TO THE GRANT OF PERFORMANCE UNITS FOUND ON MERRILL LYNCH BENEFITS WEBSITE (OR THE WEBSITE OF ANY SUCCESSOR COMPANY TO MERRILL LYNCH BANK & TRUST CO., FSB) (THE "AWARD NOTICE") WHICH ACCOMPANIES THIS DOCUMENT. THE TERMS OF THE AWARD NOTICE ARE INCORPORATED INTO THIS PERFORMANCE UNIT AGREEMENT.**

On the Grant Date specified in the Award Notice, Amgen Inc., a Delaware corporation (the "Company"), has granted to you, the grantee named in the Award Notice, under the Amgen Inc. Amended and Restated 2009 Equity Incentive Plan, as amended and/or restated from time to time (the "Plan"), the Number of Performance Units (the "Performance Units") specified in the Award Notice on the terms and conditions set forth in this Performance Unit Agreement (and any applicable special terms and conditions for your country set forth in the attached Appendix A (as described in greater detail in Section XIV below)) (collectively, this "Agreement"), the Plan, the Amgen Inc. 2009 Performance Award Program (the "Program") and the Resolutions (as defined below). Capitalized terms not defined herein shall have the meanings assigned to such terms in the Program.

I. Performance Period. The Performance Period shall have the meaning set forth in the Award Notice.

II. Value of Performance Units. The value of each Performance Unit is equal to a share of Common Stock.

III. Performance Goals. An amount of the Performance Units up to the maximum amount specified in the Resolutions shall be earned, depending on the extent to which the Company achieves objectively determinable Performance Goals established by the Committee pursuant to the Resolutions. The Performance Units earned shall be calculated in accordance with the Resolutions and the Program.

IV. Form and Timing of Payment. Subject to Section XIII and except as set forth in the Program, for any Performance Units earned pursuant to Section III above, the specified payment date applicable to such Performance Units shall be the year immediately following the end of the Performance Period. Shares issued in respect of a Performance Unit shall be deemed to be issued in consideration of past services actually rendered by you to the Company or an Affiliate or for its benefit for which you have not previously been compensated or for future services to be rendered, as the case may be, which the Company deems to have a value at least equal to the aggregate par value thereof.

V. Issuance of Certificates; Tax Withholding. Regardless of any action the Company or your actual employer (the "Employer") takes with respect to any or all income tax (including federal, state and local taxes), social insurance, payroll tax, fringe benefit tax, payment on account or other tax-related items related to your participation in the Plan and the Program and legally applicable to you (the "Tax Obligations"), you acknowledge that the ultimate liability for all Tax Obligations is and remains your responsibility and may exceed the amount actually withheld by the Company and/or your Employer. You further acknowledge that the Company and/or your Employer (i) make no representations or undertakings regarding the treatment of any Tax Obligations in connection with any aspect of the Performance Units, including the grant of the Performance Units, the vesting of the Performance Units, the conversion of the Performance Units into shares or the receipt of an equivalent cash payment, the subsequent sale of any shares acquired at settlement and the receipt of any dividends; and (ii) do not commit to and are under no obligation to structure the terms of

the grant or any aspect of the Performance Units to reduce or eliminate your liability for Tax Obligations or to achieve any particular tax result. Furthermore, if you become subject to tax in more than one jurisdiction between the Grant Date and the date of any relevant taxable event, you acknowledge that the Company and/or your Employer (or former employer, as applicable) may be required to withhold or account for Tax Obligations in more than one jurisdiction.

Prior to any relevant taxable or tax withholding event, as applicable, you shall pay or make adequate arrangements satisfactory to the Company or to your Employer (in their sole discretion) to satisfy all Tax Obligations. In this regard, you authorize the Company and/ or your Employer, or their respective agents, at their discretion, to satisfy all applicable Tax Obligations by one or a combination of the following:

(a) withholding from your wages or other cash compensation paid to you by the Company and/or your Employer; or

(b) withholding from proceeds of the sale of Shares issued upon settlement of the Performance Units, either through a voluntary sale or through a mandatory sale arranged by the Company (on your behalf pursuant to this authorization); or

(c) withholding in Shares to be issued upon settlement of the Performance Units provided that the Company and your Employer shall only withhold an amount of Shares with a fair market value equal to the Tax Obligations.

To avoid adverse accounting treatment, the Company may withhold or account for Tax Obligations not to exceed the applicable minimum statutory withholding rates or other applicable withholding rates. If the Tax Obligations are satisfied by withholding in Shares, for tax purposes, you are deemed to have been issued the full number of shares subject to the earned Performance Units, notwithstanding that a number of Shares is held back solely for the purpose of paying the Tax Obligations due as a result of any aspect of your participation in the Plan (any Shares withheld by the Company hereunder shall not be deemed to have been issued by the Company for any purpose under the Plan and shall remain available for issuance thereunder).

Finally, you shall pay to the Company or your Employer any amount of Tax Obligations that the Company or your Employer may be required to withhold or account for as a result of your participation in the Plan and the Program that cannot be satisfied by the means previously described. You agree to take any further actions and to execute any additional documents as may be necessary to effectuate the provisions of this Section V. Notwithstanding Section IV above, the Company may refuse to issue or deliver the Shares or the proceeds of the sale of Shares if you fail to comply with your obligations in connection with the Tax Obligations.

VI. Dividend Equivalents

(a) Crediting of Dividend Equivalents. Subject to this Section VI, Dividend Equivalents shall be credited on each Performance Unit granted to you under this Agreement in the manner set forth in the remainder of this Section VI. If the Company declares one or more dividends or distributions (each, a "Dividend") on its Common Stock with a record date which occurs during the period commencing on the Grant Date through and including the day immediately preceding the day the Shares subject to the Performance Units are issued to you, whether in the form of cash, Common Stock or other property, then as of the date the number of Performance Units payable to you pursuant to the terms this Agreement are determined and payable, you shall be credited with an amount equal to the amount or fair market value of such Dividend which would have been payable to you if you held a number of Shares equal to the number of Performance

Units payable to you as of each such record date for each such Dividend (not including on any Performance Units which were previously paid or forfeited) as if each such amount had been reinvested in Common Stock as of the date of the payment of such Dividend. Each such Dividend Equivalent shall be deemed to have been reinvested in the Common Stock as of the Dividend payment date. Dividend Equivalents shall be payable in full Shares, unless the Administrator determines, at any time prior to payment and in its discretion, that they shall be payable in cash. Dividend Equivalents payable with respect to fractional Shares shall be paid in cash.

(b) Treatment of Dividend Equivalents. Except as otherwise expressly provided in this Section VI any Dividend Equivalents credited to you shall be subject to all of the provisions of this Agreement which apply to the Performance Units with respect to which they have been credited and shall be payable, if at all, at the time and to the extent that the underlying Performance Unit becomes payable. Dividend Equivalents shall not be payable on any Performance Units that do not vest, or are forfeited, pursuant to the terms of this Agreement.

VII. Nontransferability. No benefit payable under, or interest in, this Agreement or in the Shares that may become issuable to you hereunder shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge and any such attempted action shall be void and no such benefit or interest shall be, in any manner, liable for, or subject to, your or your beneficiary's debts, contracts, liabilities or torts; *provided, however*, nothing in this Section VII shall prevent transfer (i) by will or (ii) by applicable laws of descent and distribution.

VIII. No Contract for Employment. This Agreement is not an employment or service contract with the Company or an Affiliate and nothing in this Agreement shall be deemed to create in any way whatsoever any obligation on your part to continue in the employ or service of the Company or an Affiliate, or of the Company or an Affiliate to continue your employment or service with the Company or an Affiliate.

IX. Nature of Grant. In accepting the grant of Performance Units, you acknowledge that:

(a) the Plan and the Program are established voluntarily by the Company, are discretionary in nature and may be modified, amended, suspended or terminated by the Company at any time, as provided in the Plan and in the Program;

(b) the grant of the Performance Units is voluntary and occasional and does not create any contractual or other right to receive future awards of Performance Units, or benefits in lieu of Performance Units, even if Performance Units have been awarded in the past;

(c) all decisions with respect to future awards, if any, will be at the sole discretion of the Company;

(d) your participation in the Plan and the Program shall not create a right to further employment with the Employer and shall not interfere with the ability of the Employer to terminate your employment or service relationship (if any) at any time;

(e) your participation in the Plan and the Program is voluntary;

(f) the grant of Performance Units and the Shares subject to the Performance Units are not intended to replace any pension rights or compensation;

(g) neither the grant of Performance Units nor any provision of this Agreement, the Plan, the Program or the policies adopted pursuant to the Plan or Program confer upon you any right with respect to employment or continuation of current employment and shall not be interpreted to form an employment contract or relationship with the Company or any Affiliate of the Company;

(h) the future value of the Shares that may be earned upon the end of the Performance Period is unknown and cannot be predicted with certainty;

(i) in consideration of the grant of Performance Units hereunder, no claim or entitlement to compensation or damages shall arise from forfeiture of the Performance Units resulting from termination of your employment by the Company or an Affiliate of the Company (for any reason whatsoever and whether or not in breach of local labor laws) and you irrevocably release the Company and your Employer from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, you shall be deemed irrevocably to have waived your entitlement to pursue such claim;

(j) in the event of termination of your employment (whether or not in breach of local labor laws), your right to receive Performance Units and receive shares under the Plan and the Program, if any, will terminate effective as of the date that you are no longer actively employed and will not be extended by any notice period mandated under local law (*e.g.*, active employment would not include a period of "garden leave" or similar period pursuant to local law);

(k) except as otherwise provided in this Agreement or the Plan, the Performance Units and the benefits evidenced by this Agreement do not create any entitlement to have the Performance Units or any such benefits transferred to, or assumed by, another company nor to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the shares of the Company; and

(l) the following provisions apply only if you are providing services outside the United States:

(A) for employment law purposes outside the United States, the Performance Units and underlying Shares are not part of normal or expected compensation or salary for any purpose, including but not limited to for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end of service payments, bonuses, holiday pay, long-service awards, pension or retirement benefits or similar payments; and

(B) neither the Company, the Employer nor any Affiliate of the Company shall be liable for any foreign exchange rate fluctuation between your local currency and the United States Dollar that may affect the value of the Performance Units or of any amounts due to you pursuant to the settlement of the Performance Units or the subsequent sale of any Shares acquired upon settlement.

X. No Advice Regarding Grant. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding your participation in the Plan and the Program, or your acquisition or sale of the underlying Shares. You are hereby advised to consult with your personal tax, legal and financial advisors regarding your participation in the Plan and the Program before taking any action related thereto.

XI. Notices. Any notices provided for in this Agreement, the Plan or the Program shall be given in writing or electronically and shall be deemed effectively given upon receipt or, in the case of notices

delivered by the Company to you, five (5) days after deposit in the United States mail or equivalent foreign postal service, postage prepaid, addressed to you at such address as is currently maintained in the Company's records or at such other address as you hereafter designate by written notice to the Company Stock Administrator. Such notices may be given using any automated system for the documentation, granting or exercise of Awards, such as a system using an internet website or interactive voice response, as approved by the Company.

XII. Resolutions, Plan and Program. This Agreement is subject to all the provisions of the Resolutions, the Plan and the Program and their provisions are hereby made a part of this Agreement and incorporated herein by reference, including, without limitation, the provisions of Articles 5 and 9 of the Plan (relating to Performance-Based Compensation and Performance Awards, respectively) and Section 13.2 of the Plan (relating to adjustments upon changes in the Common Stock), and is further subject to all interpretations, amendments, rules and regulations which may from time to time be promulgated and adopted pursuant to the Plan. In the event of any conflict between the provisions of this Agreement and those of the Resolutions, the Plan and the Program, the provisions of the Plan shall control. Notwithstanding any provision of this Agreement or the Program to the contrary, any earned Performance Units paid in cash rather than Shares shall not be deemed to have been issued by the Company for any purpose under the Plan.

XIII. No Compensation Deferral. The Performance Units are not intended to constitute "nonqualified deferred compensation" within the meaning of Section 409A of the U.S. Internal Revenue Code of 1986, as amended from time to time (together with the regulations and official guidance promulgated thereunder, the "Code"). However, if at any time the Committee determines that the Performance Units may be subject to Section 409A of the Code, the Committee shall have the right, in its sole discretion, and without your prior consent to amend the Program as it may determine is necessary or desirable either for the Performance Units to be exempt from the application of Section 409A of the Code or to satisfy the requirements of Section 409A of the Code, including by adding conditions with respect to the vesting and/or the payment of the Performance Units, provided that no such amendment may change the Program's "performance goals," within the meaning of Section 162(m) of the Code, with respect to any person who is a "covered employee," within the meaning of Section 162(m) of the Code. Any such amendment to the Program may in the Committee's sole discretion apply retroactively to this award of Performance Units.

XIV. Provisions Applicable to Participants in Foreign Jurisdictions. Notwithstanding any provision of this Agreement or the Program to the contrary, if you are employed by the Company or an Affiliate in any of the countries identified in the attached Appendix A (which constitutes a part of this Agreement), are subject to the laws of any foreign jurisdiction, or relocate to one of the countries included in the attached Appendix A, your award of Performance Units shall be subject to any special terms and conditions for such country set forth in Appendix A and to the following additional terms and conditions:

(a) the terms and conditions of this Agreement, including Appendix A, are deemed modified to the extent necessary or advisable to comply with applicable foreign laws or facilitate the administration of the Plan and the Program;

(b) if applicable, the effectiveness of your Award is conditioned upon its compliance with any applicable foreign laws, regulations, rules or local governmental regulatory exemption and subject to receipt of any required foreign regulatory approvals;

(c) to the extent necessary to comply with applicable foreign laws, the payment of any earned Performance Units shall be made in cash or Common Stock, at the Company's election; and

(d) the Committee may take any other action, before or after an award of Performance Units is made, that it deems necessary or advisable to obtain approval or comply with any necessary local governmental regulatory exemptions or approvals.

Notwithstanding anything to the contrary contained herein, the Company shall not take any actions hereunder, and no Award of Performance Units shall be granted, and no Shares payable with respect to an Award shall be issued, that would violate the Securities Act, the Exchange Act, the Code, or any other securities or tax or other applicable law or regulation, or the rules of any Securities Exchange. Notwithstanding anything to the contrary contained herein, no Shares issuable with respect to an Award shall be issued unless such shares are then registered under the Securities Act, or, if such shares are not then so registered, the Company has determined that such issuance would be exempt from the registration requirements of the Securities Act and that the issuance satisfied all other applicable legal requirements.

XV. ***Data Privacy and Notice of Consent. You hereby explicitly and unambiguously consent to the collection, use and transfer, in electronic or other form, of your personal data as described in this Agreement by and among, as applicable, the Employer, the Company, and any Affiliates of the Company for the exclusive purpose of implementing, administering and managing your participation in the Plan and the Program.***

***You understand that the Company and the Employer may hold certain personal information about you, including, but not limited to, your name, home address and telephone number, date of birth, social insurance number (to the extent permitted under applicable local law) or other identification number, salary, nationality, job title, residency status, any shares of stock or directorships held in the Company, details of all equity compensation or any other entitlement to shares awarded, canceled, vested, unvested or outstanding in your favor, for the purpose of implementing, administering and managing the Plan and the Program ("Data").***

***You understand that Data may be transferred to Merrill Lynch Bank & Trust Co., FSB (or any successor thereto), any third parties assisting in the implementation, administration and management of the Plan and the Program, that these recipients may be located in your country, or elsewhere, including outside the European Economic Area and that the recipient's country (e.g., the United States) may have different data privacy laws and protections than your country. You understand that if you reside outside the United States, you may request a list with the names and addresses of any potential recipients of the Data by contacting your local human resources representative. You authorize the Employer, the Company, Affiliates of the Company, Merrill Lynch Bank & Trust Co., FSB (or any successor thereto), and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing your participation in the Plan and the Program to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing your participation in the Plan and the Program, including any requisite transfer of such Data as may be required to a broker, escrow agent or other third party with whom the shares received upon vesting of the Performance Units may be deposited. You understand that Data will be held only as long as is necessary to implement, administer and manage your participation in the Plan and the Program. You understand that if you reside outside the United States, you may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing your local human resources representative. Further, you understand that you are providing the consents herein on a purely voluntary basis. If you do not consent, or if you later seek to revoke your consent, your employment status or service and career with the Employer will not be adversely affected; the only adverse consequence of refusing or withdrawing your consent is that the Company would not be able to grant you***

***Performance Units or other equity awards or administer or maintain such awards. Therefore, you understand that refusing or withdrawing your consent may affect your ability to participate in the Plan and the Program. For more information on the consequences of your refusal to consent or withdrawal of consent, you understand that you may contact your local human resources representative.***

XVI. Language. If you have received this Agreement or any other document related to the Plan and/or the Program translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

XVII. Governing Law. The terms of this Agreement shall be governed by the laws of the State of Delaware without giving effect to principles of conflicts of laws. For purposes of litigating any dispute that arises hereunder, the parties hereby submit to and consent to the jurisdiction of the State of Delaware, and agree that such litigation shall be conducted in the courts of the State of Delaware, or the federal courts for the United States for the federal district located in the State of Delaware, and no other courts, where this Agreement is made and/or to be performed.

XVIII. Severability. If one or more of the provisions of this Agreement shall be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby and the invalid, illegal or unenforceable provisions shall be deemed null and void; however, to the extent permissible by law, any provisions which could be deemed null and void shall first be construed, interpreted or revised retroactively to permit this Agreement to be construed so as to foster the intent of this Agreement and the Plan.

XIX. Electronic Delivery. The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan and/or the Program by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

XX. Imposition of Other Requirements. The Company reserves the right to impose other requirements on your participation in the Plan and the Program, on the Performance Units and on any Shares acquired under the Plan and the Program, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require you to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

XXI. Waiver. You acknowledge that a waiver by the Company of breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by you or any other grantee.

Very truly yours,
AMGEN INC.

By:_____
Name:
Title:

Accepted and Agreed,
this ___ day of _____, 20__.

By: _____
Name: _____

**APPENDIX A**

**ADDITIONAL TERMS AND CONDITIONS OF THE AMENDED AND RESTATED AMGEN INC. 2009 EQUITY INCENTIVE PLAN, AS AMENDED AND/OR RESTATED FROM TIME TO TIME**

**AWARD OF PERFORMANCE UNITS (BY COUNTRY)**

Certain capitalized terms used but not defined in this Appendix A shall have the meanings set forth in the Plan and/or the Agreement to which this Appendix is attached.

***TERMS AND CONDITIONS***

This Appendix includes additional terms and conditions that govern any Performance Units granted under the Plan if, under applicable law, you are a resident of, are deemed to be a resident of or are working in one of the countries listed below. Furthermore, the additional terms and conditions that govern the Performance Units granted hereunder may apply to you if you relocate to one of the countries listed below and the Company shall, in its discretion, determine to what extent the terms and conditions contained herein shall apply to you.

***NOTIFICATIONS***

This Appendix also includes notifications relating to exchange control and other issues of which you should be aware with respect to your participation in the Plan. The information is based on the exchange control, securities and other laws in effect in the countries to which this Appendix refers as of October 2014. Such laws are often complex and change frequently. As a result, the Company strongly recommends that you not rely on the notifications herein as the only source of information relating to the consequences of your participation in the Plan because the information may be outdated when you acquire Shares under the Plan, or when you subsequently sell Shares acquired under the Plan.

In addition, the notifications are general in nature and may not apply to your particular situation, and the Company is not in a position to assure you of any particular result. Accordingly, you are advised to seek appropriate professional advice as to how the relevant laws in your country may apply to your situation. Finally, if you are a citizen or resident of a country other than the one in which you are currently residing and/or working or are considered a resident of another country for local law purposes, the information contained herein may not be applicable to you or you may be subject to the provisions of one or more jurisdictions.

**ALL NON-U.S. JURISDICTIONS**

***NOTIFICATIONS***

**Insider Trading Restrictions/Market Abuse Laws.** You acknowledge that, depending on your country, you may be subject to insider trading restrictions and/or market abuse laws, which may affect your ability to acquire or sell Shares or rights to Shares (*e.g.*, Performance Units) under the Plan during such times as you are considered to have "inside information" regarding the Company (as defined by the laws in your country). Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. You are responsible for ensuring your compliance with any applicable restrictions and are advised to speak with your personal legal advisor on this matter.

**AUSTRALIA**

***NOTIFICATIONS***

**Exchange Control Information.** Exchange control reporting is required for cash transactions exceeding AUD10,000 and for international fund transfers. If an Australian bank is assisting with the transaction, the bank will file the report on your behalf.

**Securities Law Information.** If you acquire Shares under the Plan and offer the Shares for sale to a person or entity resident in Australia, the offer may be subject to disclosure requirements under Australian law. You should consult with your own legal advisor before making any such offer in Australia.

**AUSTRIA**

***NOTIFICATIONS***

**Exchange Control Information.** If you hold Shares acquired under the Plan outside of Austria, you must submit a report to the Austrian National Bank. An exemption applies if the value of the shares as of any given quarter does not meet or exceed €30,000,000 or if the value of the shares in any given year as of December 31 does not meet or exceed €5,000,000. If the former threshold is exceeded, quarterly obligations are imposed, whereas if the latter threshold is exceeded, annual reports must be given. The quarterly reporting date is as of the last day of the respective quarter and the deadline for filing the quarterly report is the 15th day of the month following the end of the respective quarter. The annual reporting date is December 31 and the deadline for filing the annual report is January 31 of the following year.

A separate reporting requirement applies when you sell Shares acquired under the Plan, receive a cash dividend paid on such shares or Dividend Equivalents paid in cash. In that case, there may be exchange control obligations if the cash proceeds are held outside of Austria. If the transaction volume of all accounts abroad exceeds €3,000,000, the movements and balances of all accounts must be reported monthly, as of the last day of the month, on or before the 15th day of the following month, on the prescribed form (*Meldungen SI-Forderungen und/oder SI-Verpflichtungen*).

**BELGIUM**

***NOTIFICATIONS***

**Tax Reporting; Foreign Asset/Account Reporting Information.** You are required to report any taxable income attributable to the Award granted hereunder on your annual tax return. You are also required to report any security and bank accounts opened and maintained outside Belgium on your annual tax return. In a separate report, you are required to provide the National Bank of Belgium with the account details of any such foreign accounts.

**BRAZIL**

***TERMS AND CONDITIONS***

**Compliance with Law**. By accepting the Performance Units, you acknowledge that you agree to comply with applicable Brazilian laws and pay any and all applicable taxes associated with the vesting of the Performance Units, the sale of Shares acquired under the Plan, the payment of dividends on such shares and

the receipt of any Dividend Equivalent paid in cash.

**Acknowledgement of Nature of Plan and Performance Units.** This provision supplements Section IX of the Agreement:

By accepting the Performance Units, you acknowledge (i) that you are making an investment decision, (ii) that the Shares will be issued to you only if the vesting conditions are met and any necessary services are rendered by you during the vesting period set forth in the Vesting Schedule, and (iii) that the value of the underlying Shares is not fixed and may increase or decrease in value over the vesting period without compensation to you.

***NOTIFICATIONS***

**Exchange Control Information.** If you are resident or domiciled in Brazil, you will be required to submit annually a declaration of assets and rights held outside of Brazil to the Central Bank of Brazil if the aggregate value of such assets and rights equals or exceeds US$100,000. Assets and rights that must be reported include the following: (i) bank deposits; (ii) loans; (iii) financing transactions; (iv) leases; (v) direct investments; (vi) portfolio investments, including Shares acquired under the Plan; (vii) financial derivatives investments; and (viii) other investments, including real estate and other assets. Please note that foreign individuals holding Brazilian visas are considered Brazilian residents for purposes of this reporting requirement and must declare at least the assets held abroad that were acquired subsequent to the date of admittance as a resident of Brazil. Individuals holding assets and rights outside Brazil valued at less than US$100,000 are not required to submit a declaration.

**BULGARIA**

There are no country-specific provisions.

**CANADA**

***TERMS AND CONDITIONS***

**Termination of Service.** This provision supplements Section IX(j) of the Agreement:

in the event of involuntary termination of your employment (whether or not in breach of local labor laws), your right to receive an Award and vest in such Award under the Plan and the Program, if any, will terminate effective as of the date that is the earlier of: (1) the date you receive notice of termination of employment from the Company or your Employer, or (2) the date you are no longer actively employed by the Company or your Employer regardless of any notice period or period of pay in lieu of such notice required under local law (including, but not limited to statutory law, regulatory law and/or common law). Your right, if any, to acquire Shares pursuant to an Award after termination of employment will be measured by the date of termination of your active employment and will not be extended by any notice period mandated under local law;

**Form of Settlement -- Performance Units Payable Only in Shares.** Notwithstanding any discretion in the Plan or the Program or anything to the contrary in the Agreement, the Award does not provide any right for you, as a resident of Canada, to receive a cash payment and shall be paid in Shares only.

**The following provisions will apply to you if you are a resident of Quebec:**

**Language Consent.** The parties acknowledge that it is their express wish that the Agreement, as well as all

documents, notices, and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

*Les parties reconnaissent avoir exigé la rédaction en anglais de cette convention ("Agreement"), ainsi que de tous documents exécutés, avis donnés et procédures judiciaries intentées, directement ou indirectement, relativement à ou suite à la présente convention.*

**Data Privacy Notice and Consent.** This provision supplements Section XV of the Agreement:

You hereby authorize the Company and the Company's representative to discuss with and obtain all relevant information from all personnel (professional or not) involved in the administration and operation of the Plan and the Program. You further authorize the Company and your Employer to disclose and discuss your participation in the Plan with their advisors. You also authorize the Company and your Employer to record such information and keep it in your employee file.

***NOTIFICATIONS***

**Securities Law Information**. You are permitted to sell Shares acquired through the Plan through the designated broker appointed under the Plan, if any, provided that the resale of such shares takes place outside of Canada through the facilities of a stock exchange on which the shares are listed (*i.e*., the NASDAQ Global Select Market).

**Foreign Asset/Account Reporting Information.** You are required to report any foreign property (including Shares acquired under the Plan) on form T1135 (Foreign Income Verification Statement) if the total value of the foreign property exceeds C$100,000 at any time in the year. It is not certain if Performance Units qualify as foreign property for purposes of this reporting obligation. The form must be filed by April 30 of the following year. It is your responsibility to comply with this reporting obligation and you should consult your personal tax advisor in this regard.

**CHILE**

***NOTIFICATIONS***

**Securities Law Information.** Pursuant to Ruling No. 99 of 2001 issued by the Chilean Superintendence of Securities ("CSS"), neither the Performance Units nor any Shares acquired under the Plan will be registered under the Registry of Securities held by the CSS nor are they under the control or supervision of the CSS.

**Exchange Control Information.** You are not required to repatriate funds obtained from the sale of shares or the receipt of any dividends or Dividend Equivalents. However, if you decide to repatriate such funds, you must do so through the Formal Exchange Market if the amount of funds exceeds US$10,000. In such case, you must report the payment to a commercial bank or registered foreign exchange office receiving the funds.

**Tax Reporting and Registration Information.** You must file Tax Form 1851 in relation to any Shares acquired under the Plan that are held abroad and to any taxes paid abroad (if you will be seeking a credit against Chilean income tax owed) with the Chilean Internal Revenue Service (the "CIRS"), The form must be submitted through the CIRS web page at www.sii.cl before March 15 of each year.

Investments abroad must also be registered with the CIRS for you to be entitled to a foreign tax credit for any tax withheld on dividends abroad, if applicable, and such registration also provides evidence of the

acquisition price of the shares (which will be zero) which you will need when the shares are sold. You are advised to consult with your personal legal advisor regarding how to register with the CIRS.

**CHINA**

***TERMS AND CONDITIONS***

*The following terms apply only to individuals who are subject to exchange control restrictions in the People's Republic of China (the "PRC"), as determined by the Company in its sole discretion*:

**Vesting of the Performance Units.** Notwithstanding anything to the contrary in the Form of Award Notice or Award Agreement, the Performance Units shall not vest or be considered earned until all necessary exchange control and other approvals from the PRC State Administration of Foreign Exchange or its local counterpart ("SAFE") have been received for Performance Units granted under the Plan. Once SAFE approval has been received, and provided you are then employed by the Company or an Affiliate, any portion of the Performance Units that was deemed earned prior to obtaining SAFE approval will then vest and Shares will be issuable to you in settlement of such Performance Units. If you terminate employment with the Company and its Affiliates prior to the receipt of SAFE approval, any Performance Units that are unvested pursuant to the preceding provision will be forfeited.

Further, notwithstanding anything to the contrary in Article 7.1 of the Program, if your employment with the Company or an Affiliate terminates at any time during the Performance Period, you shall forfeit all Performance Units.

**Sale Requirement.** Notwithstanding anything to the contrary in the Agreement, due to exchange control laws in the PRC, you agree that the Company reserves the right to require the immediate sale of any Shares acquired upon settlement of the Performance Units. You understand and agree that any such immediate sale of shares will occur as soon as is practical following settlement of the Performance Units. Alternatively, if the Shares are not immediately sold upon settlement of the Performance Units, the Company will require the sale of any shares you may then hold within six (6) months (or such other period as may be required under applicable legal or exchange control requirements) following the termination of your employment with the Company, including its Affiliates.

You agree that the Company is authorized to instruct Merrill Lynch Bank and Trust Co., FSB or such other designated broker as may be selected by the Company to assist with the sale of the shares on your behalf pursuant to this authorization, and you expressly authorize such broker to complete the sale of such shares. You also agree to sign any agreements, forms and/or consents that may be reasonably requested by the Company (or the Company's designated broker) to effectuate the sale of the shares (including, without limitation, as to the transfers of the proceeds and other exchange control matters noted below) and to otherwise cooperate with the Company with respect to such matters, provided that you shall not be permitted to exercise any influence over how, when or whether the sales occur. Upon the sale of the shares, you will receive the cash proceeds from the sale, less any applicable Tax Obligations, brokerage fees or commissions, in accordance with applicable exchange control laws and regulations.

You acknowledge that Merrill Lynch Bank and Trust Co., FSB or such other designated broker as may be selected by the Company is under no obligation to arrange for the sale of the shares at any particular price. Due to fluctuations in the share price and/or applicable exchange rates between the settlement date and (if later) the date on which the shares are sold, the amount of proceeds ultimately distributed to you may be more or less than the market value of the shares on the settlement date (which is the amount relevant to determining your liability for Tax Obligations). You understand and agree that the Company is not responsible

for the amount of any loss that you may incur and that the Company assumes no liability for any fluctuations in the share price and/or any applicable exchange rate.

**Designated Broker Account.** If Shares issued upon the settlement of the Performance Units are not immediately sold, you acknowledge that you are required to maintain the shares in an account with Merrill Lynch Bank and Trust Co., FSB or such other designated broker as may be selected by the Company until the shares are sold through such Company-designated broker.

**Exchange Control Requirements.** You understand and agree that, pursuant to local exchange control requirements, you will be required to repatriate the cash proceeds from the sale of the Shares issued upon settlement of the Performance Units and from the receipt of any dividends or Dividend Equivalents to China. You further understand that, under applicable laws, such repatriation of your cash proceeds will need to be effectuated through a special exchange control account established by the Company or any Affiliate, including the Employer, and you hereby consent and agree that any proceeds may be transferred to such special account prior to being delivered to you. You also understand that the Company will deliver the proceeds to you as soon as possible, but that there may be delays in distributing the funds to you due to exchange control requirements in China. Proceeds may be paid to you in U.S. dollars or local currency at the Company's discretion. If the proceeds are paid to you in U.S. dollars, you will be required to set up a U.S. dollar bank account in China so that the proceeds may be deposited into this account. If the proceeds are paid to you in local currency, the Company is under no obligation to secure any particular currency conversion rate and the Company may face delays in converting the proceeds to local currency due to exchange control restrictions. You further agree to comply with any other requirements that may be imposed by the Company in the future in order to facilitate compliance with exchange control requirements in China.

***NOTIFICATIONS***

**Foreign Asset/Account Reporting Information.** Effective January 1, 2014, PRC residents are required to report to SAFE details of their foreign financial assets and liabilities, as well as details of any economic transactions conducted with non-PRC residents, either directly or through financial institutions. Shares or Performance Units acquired under the Plan and Plan-related transactions may be subject to reporting under these new rules. It is your responsibility to comply with this reporting obligation and you should consult your personal tax advisor in this regard.

**COLOMBIA**

***NOTIFICATIONS***

**Exchange Control Information.** Investment in assets located abroad (such as Shares acquired under the Plan) does not require prior approval from the Central Bank (Banco de la República). However, if the value of your aggregate investments held abroad (including shares) equals or exceeds US$500,000 as of December 31 of the applicable calendar year, these investments must be registered with the Central Bank. Upon sale or other disposition of investments (including shares) which have been registered with the Central Bank, the registration with the Central Bank must be cancelled no later than March 31 of the year following the year of the sale or disposition (or a fine of up to 200% of the value of the infringing payment will apply).

**CROATIA**

***NOTIFICATIONS***

**Exchange Control Information.** Croatian residents must report any foreign investments (including Shares acquired under the Plan) to the Croatian National Bank for statistical purposes and obtain prior approval of

the Croatian National Bank for bank accounts opened abroad. You should be aware that exchange control regulations in Croatia are subject to frequent change and you are solely responsible for ensuring your continued compliance with current Croatian exchange control laws.

**CZECH REPUBLIC**

***NOTIFICATIONS***

**Exchange Control Information.** Proceeds from the sale of Shares, any dividends paid on such shares or Dividend Equivalents may be held in a cash account abroad and you are no longer required to report the opening and maintenance of a foreign account to the Czech National Bank (the "CNB"), unless the CNB notifies you specifically that such reporting is required. Upon request of the CNB, you may need to file a notification within 15 days of the end of the calendar quarter in which you acquire Shares.

**DENMARK**

***TERMS AND CONDITIONS***

**Danish Stock Option Act.** In accepting the Performance Units, you acknowledge that you have received an Employer Statement translated into Danish, which is being provided to comply with the Danish Stock Option Act. To the extent more favorable to you and required to comply with the Stock Option Act, the terms set forth in the Employer Statement will apply to your participation in the Plan.

***NOTIFICATIONS***

**Foreign Asset/Account Reporting Information.** If you establish an account holding shares or an account holding cash outside Denmark, you must report the account to the Danish Tax Administration. The form which should be used in this respect can be obtained from a local bank. (These obligations are separate from and in addition to the obligations described below.)

**Securities/Tax Reporting Information.** If you hold Shares acquired under the Plan in a brokerage account with a broker or bank outside Denmark, you are required to inform the Danish Tax Administration about the account. For this purpose, you must sign and file a Form V (*Erklaering V*) with the Danish Tax Administration. Both you and the broker or bank must sign the Form V. By signing the Form V, the broker or bank undertakes an obligation, without further request each year and not later than February 1 of the year following the calendar year to which the information relates, to forward information to the Danish Tax Administration concerning the shares in the account. In the event that the applicable broker or bank with which the account is held does not also sign the Form V, you acknowledge that you are solely responsible for providing certain details regarding the foreign brokerage or bank account and any Shares acquired under the Plan and held in such account to the Danish Tax Administration as part of your annual income tax return. By signing the Form V, you authorize the Danish Tax Administration to examine the account.

In addition, if you open a brokerage account or a bank account with a U.S. bank, the account will be treated as a "deposit account" because cash can be held in the account. Therefore, you likely must also file a Form K (*Erklaering K*) with the Danish Tax Administration. The Form K must be signed by you and by the applicable broker or bank where the account is held, unless an exemption from the broker/bank signature requirement is obtained from the Danish Tax Administration (which exemption may be sought on the Form K itself). By signing the Form K, you (and the broker/bank to the extent the exemption is not obtained) undertake an obligation, without further request each year, to forward information to the Danish Tax Administration concerning the content of the account. If the applicable broker or bank does not sign the Form K for any reason, you are solely responsible for providing the necessary information to the Danish Tax

Administration. By signing the Form K, you authorize the Danish Tax Administration to examine the account. A sample of Declaration K can be found at the following website: www.skat.dk.

**EGYPT**

***NOTIFICATIONS***

**Exchange Control Information.** If you transfer funds into Egypt in connection with the Performance Units, you are required to transfer the funds through a registered bank in Egypt.

**FINLAND**

There are no country-specific provisions.

**FRANCE**

***TERMS AND CONDITIONS***

**Language Consent.** By accepting the Award, you confirm having read and understood the Plan and Agreement which were provided in the English language. You accept the terms of those documents accordingly.

*En acceptant l'prix, vous confirmez avoir lu et compris le Plan et le Contrat, qui ont été communiqués en langue anglaise. Vous acceptez les termes de ces documents en connaissance de cause.*

***NOTIFICATIONS***

**Foreign Asset/Account Reporting Information.** Further, if you hold Shares outside of France or maintain a foreign bank account, you are required to report such to the French tax authorities when filing your annual tax return. Failure to comply could trigger significant penalties.

**GERMANY**

***NOTIFICATIONS***

**Exchange Control Information**. Cross-border payments in excess of €12,500 must be reported monthly to the German Federal Bank (*Bundesbank*). In case of payments in connection with securities (including proceeds realized upon the sale of Shares or the receipt of dividends or Dividend Equivalents), the report must be made by the 5th day of the month following the month in which the payment was received and must be filed electronically. The form of report (*Allgemeine Meldeportal Statistik*) can be accessed via the Bundesbank's website (www.bundesbank.de) and is available in both German and English. You are responsible for satisfying the reporting obligation..

**GREECE**

There are no country-specific provisions.

**HONG KONG**

***TERMS AND CONDITIONS***

*SECURITIES WARNING: The Performance Units and any Shares issued in respect of Performance Units do not constitute a public offering of securities under Hong Kong law and are available only to Participants under the Program. The Agreement, including this Appendix, the Program, the Plan and other incidental communication materials have not been prepared in accordance with and are not intended to constitute a "prospectus" for a public offering of securities under the applicable securities legislation in Hong Kong, nor have the documents been reviewed by any regulatory authority in Hong Kong. The Performance Units and any documentation related thereto are intended solely for the personal use of each Participant under the Program and may not be distributed to any other person. If you are in doubt about any of the contents of the Agreement, including this Appendix, the Program or the Plan, you should obtain independent professional advice.*

**Form of Settlement- Performance Units Payable Only in Shares.** Notwithstanding any discretion in the Plan or the Program or anything to the contrary in the Agreement, the Award does not provide any right for you, as a resident of Hong Kong, to receive a cash payment and shall be paid in Shares only.

**Sale of Shares.** In the event that Shares are issued in respect of Performance Units within six (6) months of the Grant Date, you agree that you will not dispose of such shares prior to the six (6)-month anniversary of the Grant Date.

**HUNGARY**

There are no country-specific provisions.

**ICELAND**

***NOTIFICATIONS***

**Exchange Control Information.** You should consult with your personal advisor to ensure compliance with applicable exchange control regulations in Iceland as such regulations are subject to frequent change. You are responsible for ensuring compliance with all exchange control laws in Iceland.

**INDIA**

***NOTIFICATIONS***

**Exchange Control Information.** You understand that you must repatriate any cash dividends paid on Shares acquired under the Plan to India or any Dividend Equivalents paid in cash within 180 days of receipt, and the Program and any proceeds from the sale of shares acquired under the Plan and the Program to India within 90 days of receipt. You will receive a foreign inward remittance certificate ("FIRC") from the bank where you deposit the foreign currency, and you must maintain the FIRC as proof of repatriation of funds in the event that the Reserve Bank of India or the Employer requests proof of repatriation. It is your responsibility to comply with these requirements.

**Foreign Asset/Account Reporting Information**. You are required to declare foreign bank accounts and any foreign financial assets (including Shares held outside India) in your annual tax return. It is your responsibility to comply with this reporting obligation and you should consult your personal tax advisor in this regard.

**IRELAND**

***TERMS AND CONDITIONS***

**Nature of Grant.** This provision supplements Section IX of the Agreement:

In accepting the Award granted hereunder, you acknowledge your understanding and agreement that the benefits received under the Plan will not be taken into account for any redundancy or unfair dismissal claim.

***NOTIFICATIONS***

**Director Notification Requirements.** If you are a director, shadow director or secretary of an Irish Affiliate, you must notify the Irish Affiliate in writing within five (5) business days of receiving or disposing of an interest in the Company (*e.g.,* an Award or Shares), or within five (5) business days of becoming aware of the event giving rise to the notification requirement, or within five (5) business days of becoming a director or secretary if such an interest exists at the time. This notification requirement also applies with respect to the interests of a spouse or minor children (whose interests, if any, will be attributed to the director, shadow director or secretary).

**ITALY**

***TERMS AND CONDITIONS***

**Data Privacy Notice.** The following provision replaces Section XV of the Agreement:

***You understand that the Employer, the Company and any Affiliate may hold certain personal information about you, including, but not limited to, your name, home address and telephone number, date of birth, social insurance (to the extent permitted under Italian law) or other identification number, salary, nationality, job title, any shares or directorships held in the Company or any Affiliate, details of all Awards granted, or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in your favor, for the exclusive purpose of implementing, managing and administering the Plan and the Program ("Data").***

***You also understand that providing the Company with Data is necessary for the performance of the Plan and the Program and that your refusal to provide such Data would make it impossible for the Company to perform its contractual obligations and may affect your ability to participate in the Plan and the Program. The Controller of personal data processing is Amgen Inc., with registered offices at One Amgen Center Drive, Thousand Oaks, California 91320, U.S.A., and, pursuant to Legislative Decree no. 196/2003, its Representative in Italy for privacy purposes is Amgen Dompe S.p.A., with registered offices at Via Tazzoli, 6 - 20154 Milan, Italy.***

***You understand that Data will not be publicized, but it may be transferred to banks, other financial institutions, or brokers involved in the management and administration of the Plan and the Program. You understand that Data may also be transferred to the independent registered public accounting firm engaged by the Company. You further understand that the Company and/or any Affiliate will transfer Data among themselves as necessary for the purposes of implementing, administering and managing your participation in the Plan and the Program, and that the Company and/or any Affiliate may each further transfer Data to third parties assisting the Company in the implementation, administration, and management of the Plan and the Program, including any requisite transfer of Data to a broker or other third party with whom you may elect to deposit any Shares issued in respect of the Award. Such recipients may receive, possess, use, retain, and transfer Data in electronic or other form, for the purposes of implementing, administering, and managing your participation in the Plan and the Program. You understand that these recipients may be located in or outside the European Economic Area, such as in the United States or elsewhere. Should***

***the Company exercise its discretion in suspending all necessary legal obligations connected with the management and administration of the Plan and the Program, it will delete Data as soon as it has completed all the necessary legal obligations connected with the management and administration of the Plan and the Program.***

***You understand that Data processing related to the purposes specified above shall take place under automated or non-automated conditions, anonymously when possible, that comply with the purposes for which Data is collected and with confidentiality and security provisions, as set forth by applicable laws and regulations, with specific reference to Legislative Decree no. 196/2003.***

***The processing activity, including communication, the transfer of Data abroad, including outside of the European Economic Area, as herein specified and pursuant to applicable laws and regulations, does not require your consent thereto, as the processing is necessary to performance of contractual obligations related to implementation, administration, and management of the Plan. You understand that, pursuant to Section 7 of the Legislative Decree no. 196/2003, you have the right to, including but not limited to, access, delete, update, correct, or terminate, for legitimate reason, the Data processing.***

***Furthermore, you are aware that Data will not be used for direct-marketing purposes. In addition, Data provided can be reviewed and questions or complaints can be addressed by contacting your local human resources representative.***

**Acknowledgement of Nature of Grant.** By accepting the Award granted hereunder, you acknowledge that (1) you have received a copy of the Plan, the Program, the Agreement and this Appendix; (2) you have reviewed the applicable documents in their entirety and fully understand the contents thereof; and (3) you accept all provisions of the Plan, the Program, the Agreement and this Appendix.

You further acknowledge that you have read and specifically and explicitly approve, without limitation, the following sections of the Agreement: Section III, Section IV, Section V, Section IX, Section IV, Section XV (as replaced by the above consent), Section XVI and Section XX.

***NOTIFICATIONS***

**Foreign Asset/Account Reporting Information.** Italian residents who, at any time during the fiscal year, hold foreign financial assets (including cash and Shares) which may generate income taxable in Italy are required to report these assets on their annual tax returns (UNICO Form, RW Schedule) for the year during which the assets are held, or on a special form if no tax return is due. These reporting obligations will also apply to Italian residents who are the beneficial owners of foreign financial assets under Italian money laundering provisions.

**Foreign Financial Assets Tax.** The fair market value of any Shares held outside of Italy is subject to a foreign assets tax. The market value is considered to be the value of the Shares on the NASDAQ Global Select Market on December 31 of each year or on the last day in the applicable year on which you held the shares (or when the shares are acquired during the course of the year, the tax is levied in proportion to the actual days of holding over the calendar year). You should consult with your personal tax advisor about the foreign financial assets tax.

**JAPAN**

***NOTIFICATIONS***

**Foreign Asset/Account Reporting Information**. You will be required to report to the Japanese tax authorities details of any assets held outside of Japan as of December 31st (including any Shares acquired under the Plan) to the extent such assets have a total net fair market value exceeding ¥50,000,000. Such report will be due by March 15 each year. You should consult with your personal tax advisor as to whether the reporting obligation applies to you and whether you will be required to include in the report details of any Shares or cash that you hold.

**JORDAN**

There are no country-specific provisions.

**KOREA**

***NOTIFICATIONS***

**Exchange Control Information.** You are required to repatriate any proceeds in excess of US$500,000 realized in a single transaction from the sale of Shares or the receipt of dividends or Dividend Equivalents to Korea within 18 months of receipt.

**Foreign Asset/Account Reporting Information.** You are required to declare all foreign financial accounts (*e.g.*, non-Korean bank accounts, brokerage accounts holding Shares, etc.) to the Korean tax authority and file a report regarding such accounts if the value of such accounts exceeds KRW1,000,000,000 (or an equivalent amount in foreign currency). You should consult with your personal tax advisor to ensure compliance with this requirement.

**LEBANON**

There are no country-specific provisions.

**LITHUANIA**

There are no country-specific provisions.

**MEXICO**

***TERMS AND CONDITIONS***

**Acknowledgement of the Grant.** In accepting the Award granted hereunder, you acknowledge that you have received a copy of the Plan and the Program, have reviewed the Plan and the Program and the Agreement, including this Appendix, in their entirety and fully understand and accept all provisions of the Plan, the Program and the Agreement, including this Appendix. You further acknowledge that you have read and specifically and expressly approve the terms and conditions of Section IX of the Agreement, in which the following is clearly described and established:

(1) Your participation in the Plan and the Program do not constitute an acquired right.

(2) The Plan and your participation in the Plan and the Program are offered by Amgen Inc. on a wholly discretionary basis.

(3) Your participation in the Plan and the Program is voluntary.

(4) Amgen Inc. and its Affiliates are not responsible for any decrease in the value of any Shares issued with respect to the Award.

**Labor Law Acknowledgement and Policy Statement.** In accepting any Award granted hereunder, you expressly recognize that Amgen Inc., with registered offices at One Amgen Center Drive, Thousand Oaks, California 91320, U.S.A., is solely responsible for the administration of the Plan and that your participation in the Plan and acquisition of Shares do not constitute an employment relationship between you and Amgen Inc. since you are participating in the Plan on a wholly commercial basis and your sole employer is Amgen Latin America Services, S.A. de C.V. ("Amgen-Mexico"). Based on the foregoing, you expressly recognize that the Plan and the Program and the benefits that you may derive from participation in the Plan and the Program do not establish any rights between you and your Employer, Amgen-Mexico, and do not form part of the employment conditions and/or benefits provided by Amgen-Mexico and any modification of the Plan or its termination shall not constitute a change or impairment of the terms and conditions of your employment.

You further understand that your participation in the Plan and the Program is as a result of a unilateral and discretionary decision of Amgen Inc.; therefore, Amgen Inc. reserves the absolute right to amend and/or discontinue your participation in the Plan at any time without any liability to you.

Finally, you hereby declare that you do not reserve to yourself any action or right to bring any claim against Amgen Inc. for any compensation or damages regarding any provision of the Plan or the benefits derived under the Plan, and you therefore grant a full and broad release to Amgen Inc., its Affiliates, shareholders, officers, agents or legal representatives with respect to any claim that may arise.

**Spanish Translation**

**Reconocimiento del Otorgamiento.** Al aceptar cualquier Otorgamiento de Acciones bajo el presente documento, usted reconoce que ha recibido una copia del Plan y del Programa, que ha revisado el Plan y el Programa, así como también el Apéndice en su totalidad, además que comprende y está de acuerdo con todas las disposiciones tanto del Plan, del Programa y del Otorgamiento, incluyendo este Apéndice. Asimismo, usted reconoce que ha leído y manifiesta específicamente y expresamente la conformidad con los términos y condiciones establecidos en la Sección VIII del Acuerdo del Otorgamiento, en los que se establece y describe claramente que:

(1) Su participación en el Plan y en el Programa de ninguna manera constituye un derecho adquirido.

(2) Su participación en Plan y en el Programa son ofrecidos por Amgen Inc. de forma completamente discrecional.

(3) Su participación en el Plan y en el Programa es voluntaria.

(4) Amgen Inc. y sus Afiliados no son responsables de ninguna disminución en el valor de las Acciones Comunes emitidas mediante el Plan.

**Reconocimiento de la Ley Laboral y Declaración de Política.** Al aceptar cualquier Otorgamiento bajo el presente, usted reconoce expresamente que Amgen Inc., con oficinas registradas localizadas en One Amgen Center Drive, Thousand Oaks, California 91320, U.S.A., es la única responsable de la administración del Plan y que su participación en el mismo y la adquisición de Acciones Comunes no constituyen de ninguna manera una relación laboral entre usted y Amgen Inc., debido a que su participación en el Plan es únicamente una relación comercial y que su único empleador es Amgen Latin America Services, S.A. de C.V. ("Amgen-Mexico"). Derivado de lo anterior, usted reconoce expresamente que el Plan y el Programa y los beneficios

a su favor que pudieran derivar de la participación en el mismo, no establecen ningún derecho entre usted y su empleador, Amgen - México, y no forman parte de las condiciones laborales y/o los beneficios otorgados por Amgen - México, y cualquier modificación del Plan o la terminación del mismo no constituirá un cambio o desmejora de los términos y condiciones de su trabajo.

Asimismo, usted entiende que su participación en el Plan y en el Programa es resultado de la decisión unilateral y discrecional de Amgen Inc., por lo tanto, Amgen Inc. se reserva el derecho absoluto de modificar y/o descontinuar su participación en el Plan en cualquier momento y sin ninguna responsabilidad para usted.

Finalmente, usted manifiesta que no se reserva ninguna acción o derecho que origine una demanda en contra de Amgen Inc., por cualquier compensación o daños y perjuicios, en relación con cualquier disposición del Plan o de los beneficios derivados del mismo, y en consecuencia usted exime amplia y completamente a Amgen Inc. de toda responsabilidad, como así también a sus Afiliadas, accionistas, directores, agentes o representantes legales con respecto a cualquier demanda que pudiera surgir.

**MOROCCO**

***TERMS AND CONDITIONS***

**Sale Requirement.** Notwithstanding anything to the contrary in the Agreement, due to exchange control laws in Morocco, you agree that the Company reserves the right to require the immediate sale of any Shares acquired upon settlement of the Performance Units. Alternatively, if the Shares are not immediately sold upon settlement of the Performance Units, the Company may require the sale of any shares at a later date, including upon termination of your employment.

You agree that the Company is authorized to instruct Merrill Lynch Bank and Trust Co., FSB or such other designated broker as may be selected by the Company to assist with the sale of the shares on your behalf pursuant to this authorization, and you expressly authorize such broker to complete the sale of such shares. You also agree to sign any agreements, forms and/or consents that may be reasonably requested by the Company (or the Company's designated broker) to effectuate the sale of the shares (including, without limitation, as to the transfers of the proceeds and other exchange control matters noted below) and to otherwise cooperate with the Company with respect to such matters, provided that you shall not be permitted to exercise any influence over how, when or whether the sales occur. Upon the sale of the shares, you will receive the cash proceeds from the sale, less any applicable Tax Obligations, brokerage fees or commissions, in accordance with applicable exchange control laws and regulations.

You acknowledge that Merrill Lynch Bank and Trust Co., FSB or such other designated broker as may be selected by the Company is under no obligation to arrange for the sale of the shares at any particular price. Due to fluctuations in the share price and/or applicable exchange rates between the settlement date and (if later) the date on which the shares are sold, the amount of proceeds ultimately distributed to you may be more or less than the market value of the shares on the settlement date (which is the amount relevant to determining your liability for Tax Obligations). You understand and agree that the Company is not responsible for the amount of any loss that you may incur and that the Company assumes no liability for any fluctuations in the share price and/or any applicable exchange rate.

**Designated Broker Account.** If Shares issued upon the settlement of the Performance Units are not immediately sold, you acknowledge that you are required to maintain the shares in an account with Merrill Lynch Bank and Trust Co., FSB or such other designated broker as may be selected by the Company until the shares are sold through such Company-designated broker.

**Exchange Control Requirements.** You understand and agree that, pursuant to local exchange control requirements, you will be required to repatriate the cash proceeds from the sale of the Shares issued upon settlement of the Performance Units to Morocco. You further understand that such repatriation of your cash proceeds may be effectuated through a bank account established by the Company or any Affiliate, including the Employer, and you hereby consent and agree that any proceeds from the sale of the shares may be transferred to such bank account prior to being delivered to you. If repatriation of your cash proceeds is not effectuated through a bank account established by the Company or any Affiliate, including the Employer, you hereby agree to maintain your own records proving repatriation and to provide copies of these records upon request by the Company or any Affiliate, including the Employer, or the Moroccan Exchange Control Office (*Office des Changes*). Further, you acknowledge and understand that the net proceeds that you realize from your participation in the Plan must be converted from U.S. dollars to Dirham, and that neither the Company nor any Affiliate, including the Employer, have any obligation to, but may nonetheless, convert the net proceeds on your behalf using any exchange rate chosen by the Company; if funds are so converted, they will be converted as soon as practicable after sale, which may not be immediately after the sale date. Further, if such currency conversion occurs, you will bear the risk of any fluctuation in the U.S. dollar/Dirham exchange rate between the date you realize U.S. dollar proceeds from your participation in the Plan and the date that you receive cash proceeds converted to Dirham. You further agree to comply with any other requirements that may be imposed by the Company in the future in order to facilitate compliance with exchange control requirements in Morocco.

**NETHERLANDS**

There are no country-specific provisions.

**NEW ZEALAND**

There are no country-specific provisions.

**NORWAY**

There are no country-specific provisions.

**PERU**

***NOTIFICATIONS***

**Securities Law Information**. The grant of Performance Units is considered a private offering in Peru; therefore, it is not subject to registration.

**POLAND**

***NOTIFICATIONS***

**Exchange Control Information.** Polish residents holding foreign securities (including Shares) and maintaining accounts abroad must report information to the National Bank of Poland. Specifically, if the aggregate value of shares and cash held in such foreign accounts exceeds PLN 7 million, Polish residents must file reports on the transactions and balances of the accounts on a quarterly basis. If required, the reports are due on a quarterly basis by the 20th day following the end of each quarter and must be filed on special forms available on the website of the National Bank of Poland. In addition, Polish residents are required to transfer funds through a bank account in Poland if the transferred amount in any single transaction exceeds

a specified threshold (currently €15,000). You must store all documents connected with any foreign exchange transactions you engage in for a period of five years.

**PORTUGAL**

***TERMS AND CONDITIONS***

**Consent to Receive Information in English.** You hereby expressly declare that you have full knowledge of the English language and have read, understood and fully accepted and agreed with the terms and conditions established in the Plan, the Program and Agreement.

**Conhecimento da Lingua.** *Por meio do presente, eu declaro expressamente que tem pleno conhecimento da língua inglesa e que li, compreendi e livremente aceitei e concordei com os termos e condições estabelecidas no Plano, no Programa e no Acordo.*

***NOTIFICATIONS***

**Exchange Control Information.** If you do not hold the Shares issued in respect of the Award with a Portuguese financial intermediary, you will need to file a report with the Portuguese Central Bank. If the shares are held by a Portuguese financial intermediary, it will file the report for you.

**PUERTO RICO**

There are no country-specific provisions.

**ROMANIA**

***NOTIFICATIONS***

**Exchange Control Information.** If you deposit proceeds from the sale of Shares or the receipt of dividends or Dividend Equivalents in a bank account in Romania, you may be required to provide the Romanian bank assisting with the transaction with appropriate documentation explaining the source of the income. You should consult with a legal advisor to determine whether you will be required to submit such documentation to the Romanian bank.

**RUSSIA**

***TERMS AND CONDITIONS***

**Exchange Control Requirements.** You understand and agree that, pursuant to Russian exchange control requirements, you will be required to repatriate to Russia the cash proceeds from the sale of the Shares issued to you upon settlement of the Performance Units and from the receipt of any dividends paid on such shares or Dividend Equivalents. You further understand that, under applicable laws, such proceeds must be initially credited to you through a foreign currency account opened in your name at an authorized bank in Russia. You further agree to comply with any other requirements that may be imposed by the Company in the future in order to facilitate compliance with exchange control requirements in Russia.

Without limiting the generality of the foregoing, you acknowledge that the Company reserves the right, in its sole discretion, depending on developments in Russian exchange control laws and regulations, to force the immediate sale of any Shares to be issued upon vesting of the Award granted hereunder. You further agree that, if applicable, the Company is authorized to instruct Merrill Lynch Bank & Trust Co., FSB (or

such other broker as may be designated by the Company) to assist with the mandatory sale of such Shares (on your behalf pursuant to this authorization) and you expressly authorize Merrill Lynch Bank & Trust Co., FSB (or such other broker as may be designated by the Company) to complete the sale of such shares. You further acknowledge that Merrill Lynch Bank & Trust Co., FSB (or such other broker as may be designated by the Company) is under no obligation to arrange for the sale of the Shares at any particular trading price. Upon the sale of Shares, you will receive the cash proceeds from the sale of such shares, less any brokerage fees or commissions and subject to your obligations in connection with the Tax Obligations.

**Securities Law Requirements.** The Award granted hereunder, the Agreement, including this Appendix, the Program, the Plan and all other materials you may receive regarding your participation in the Plan and the Program or the Award granted hereunder do not constitute advertising or an offering of securities in Russia. The issuance of Shares in respect of the Award has not and will not be registered in Russia; therefore, such shares may not be offered or placed in public circulation in Russia.

In no event will Shares acquired under the Plan be delivered to you in Russia; all Shares will be maintained on your behalf in the United States.

You are not permitted to sell any shares acquired under the Plan directly to a Russian legal entity or resident.

**Labor Law Information.** You acknowledge that if you continue to hold Shares acquired under the Plan after an involuntary termination of your employment, you will not be eligible to receive unemployment benefits in Russia.

**Data Privacy Notice.** The following provision supplements Section XV of the Agreement:

You understand and agree that you must complete and return a Consent to Processing of Personal Data (the "Consent") form to the Company. Further, you understand and agree that if you do not complete and return a Consent form to the Company, the Company will not be able to administer or maintain the Performance Units. Therefore, you understand that refusing to complete a Consent form or withdrawing your consent may affect your ability to participate in the Plan.

***NOTIFICATIONS***

**Exchange Control Information.** After the funds from the sale of Shares are initially received in Russia, pursuant to your repatriation obligation, they may be further remitted to a foreign bank subject to the following limitations: (i) the foreign account may be opened only for individuals; (ii) the foreign account may not be used for business activities; (iii) the Russian tax authorities must be given notice about the opening/closing of each foreign account within one month of the account opening/closing; (iv) the Russian tax authorities must be given notice of the account balances of such foreign accounts as of the beginning of each calendar year; and (v) beginning January 1, 2015 (or such later date as may be established by the Russian tax authorities), quarterly cash flow statements must be filed for each foreign account held by you. According to recent amendments to the law, dividends received on shares acquired under the Plan can be remitted directly to your bank account opened with a foreign bank located in Organisation for Economic Co-operation and Development ("OECD") or Financial Action Task Force ("FATF") countries, without first remitting them to your bank account in Russia. You are encouraged to contact your personal advisor before remitting your proceeds from participation in the Plan and the Program to Russia as exchange control requirements may change.

**Anti-Corruption Legislation Information.** Individuals holding public office in Russia, as well as their spouses and dependent children, may be prohibited from opening or maintaining a foreign brokerage or bank

account and holding any securities, whether acquired directly or indirectly, in a foreign company (including Shares acquired under the Plan). You should consult with your personal legal advisor to determine if this restriction applies to your circumstances.

**SAUDI ARABIA**

***NOTIFICATIONS***

**Securities Law Information.** This document may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Offers of Securities Regulations issued by the Capital Market Authority.

The Capital Market Authority does not make any representation as to the accuracy or completeness of this document, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this document. You are hereby advised to conduct your own due diligence on the accuracy of the information relating to the Shares. If you do not understand the contents of this document, you should consult an authorized financial adviser.

**SINGAPORE**

***NOTIFICATIONS***

**Securities Law Information.** The grant of the Performance Units is being made pursuant to the "Qualifying Person" exemption under section 273(1)(f) of the Securities and Futures Act (Chapter 289, 2006 Ed.) ("SFA") and is not made with a view to the Performance Units being subsequently offered for sale to any other party. The Plan has not been lodged or registered as a prospectus with the Monetary Authority of Singapore. You should note that the Performance Units are subject to section 257 of the SFA and you will not be able to make (i) any subsequent sale of Shares in Singapore or (ii) any offer of such subsequent sale of the shares subject to the Performance Units in Singapore, unless such sale or offer is made pursuant to the exemptions under Part XIII Division (1) Subdivision (4) (other than section 280) of the SFA.

**Director Notification Requirement.** Directors, associate directors and shadow directors of a Singapore Affiliate are subject to certain notification requirements under the Singapore Companies Act. Directors, associate directors and shadow directors must notify the Singapore Affiliate in writing of an interest (*e.g.*, Performance Units, Shares, etc.) in the Company or any related company within two (2) business days of (i) its acquisition or disposal, (ii) any change in a previously disclosed interest (*e.g.,* when the shares are sold), or (iii) becoming a director, associate director or shadow director.

**SLOVAK REPUBLIC**

**Foreign Asset/Account Reporting Information.** If you permanently reside in the Slovak Republic and, apart from being employed, carry on business activities as an independent entrepreneur (in Slovakian, podnikatel), you will be obligated to report your foreign assets (including any foreign securities such as the Shares) to the National Bank of Slovakia (provided that the value of the foreign assets exceeds an amount of €2,000,000). These reports must be submitted on a monthly basis by the 15th day of the respective calendar month, as well as on a quarterly basis by the 15th day of the calendar month following the respective calendar quarter, using notification form DEV (NBS) 1-12, which may be found at the National Bank of Slovakia's website at www.nbs.sk.

**SLOVENIA**

There are no country-specific provisions.

**SOUTH AFRICA**

***TERMS AND CONDITIONS***

**Responsibility for Taxes**. The following provision supplements Section V of the Agreement:

By accepting the Performance Units, you agree that, immediately upon vesting and settlement of the Performance Units, you will notify your Employer of the amount of any gain realized. If you fail to advise your Employer of the gain realized upon vesting and settlement, you may be liable for a fine. You will be solely responsible for paying any difference between your actual tax liability and the amount withheld by your Employer.

***NOTIFICATIONS***

**Exchange Control Information.** Because no transfer of funds from South Africa is required under the Performance Units, no filing or reporting requirements should apply when the Performance Units are granted or when Shares are issued upon vesting and settlement of the Performance Units. However, because the exchange control regulations are subject to change, you should consult your personal advisor prior to vesting and settlement of the Performance Units to ensure compliance with current regulations. You are responsible for ensuring compliance with all exchange control laws in South Africa.

**SPAIN**

***TERMS AND CONDITIONS***

**Labor Law Acknowledgement.** The following provision supplements Section IX of the Agreement:

By accepting the Award granted hereunder, you consent to participation in the Plan and the Program and acknowledge that you have received a copy of the Plan and the Program.

You understand that the Company has unilaterally, gratuitously and in its sole discretion decided to grant the Award under the Plan and the Program to individuals who may be members of the Board, Employees, or Consultants of the Company or its Affiliates throughout the world. The decision is a limited decision that is entered into upon the express assumption and condition that the Awards granted will not economically or otherwise bind the Company or any of its Affiliates on an ongoing basis, other than as expressly set forth in the applicable Agreement, including this Appendix. Consequently, you understand that the Award granted hereunder is given on the assumption and condition that it shall not become a part of any employment contract (either with the Company or any of its Affiliates) and shall not be considered a mandatory benefit, salary for any purposes (including severance compensation) or any other right whatsoever. Further, you understand and freely accept that there is no guarantee that any benefit whatsoever shall arise from any gratuitous and discretionary grant of the Award since the future value of the Award and any Shares that may be issued in respect of such Award is unknown and unpredictable. In addition, you understand that the Award granted hereunder would not be made but for the assumptions and conditions referred to above; thus, you understand, acknowledge and freely accept that, should any or all of the assumptions be mistaken or should any of the conditions not be met for any reason, then the grant of the Award or right to the Award shall be null and void.

Further, the vesting of the Performance Units is expressly conditioned your continued and active rendering of service, such that if your employment terminates for any reason whatsoever, the Performance Units may cease vesting immediately, in whole or in part, effective on the date of your termination of employment

(unless otherwise specifically provided in Section I of the Agreement). This will be the case, for example, even if (1) you are considered to be unfairly dismissed without good cause; (2) you are dismissed for disciplinary or objective reasons or due to a collective dismissal; (3) you terminate service due to a change of work location, duties or any other employment or contractual condition; (4) you terminate service due to a unilateral breach of contract by the Company or an Affiliate; or (5) your employment terminates for any other reason whatsoever. Consequently, upon termination of your employment for any of the above reasons, you may automatically lose any rights to Performance Units that were not vested on the date of your termination of employment, as described in the Plan and the Agreement.

You acknowledge that you have read and specifically accept the conditions referred to in Section I of the Agreement.

***NOTIFICATIONS***

**Securities Law Information.** No "offer of securities to the public," as defined under Spanish law, has taken place or will take place in the Spanish territory. The Agreement (including this Appendix) has not been nor will it be registered with the *Comisión Nacional del Mercado de Valores*, and does not constitute a public offering prospectus.

**Exchange Control Information.** If you acquire shares under the Plan, you must declare the acquisition to the *Direccion General de Comercio e Inversiones* ("DGCI"). If you acquire the shares through the use of a Spanish financial institution, that institution will automatically make the declaration to the DGCI for you; otherwise, you will be required to make the declaration by filing a D-6 form. You must declare ownership of any shares with the DGCI each January while the shares are owned and must also report, in January, any sale of shares that occurred in the previous year for which the report is being made, unless the sale proceeds exceed the applicable threshold, in which case the report is due within one month of the sale.

**Foreign Asset/Account Reporting Information.** You are required to declare electronically to the Bank of Spain any securities accounts (including brokerage accounts held abroad), as well as the Shares held in such accounts if the value of the transactions during the prior tax year or the balances in such accounts as of December 31 of the prior tax year exceed €1,000,000.

Further, effective January 1, 2013, to the extent that you hold shares and/or have bank accounts outside Spain with a value in excess of €50,000 (for each type of asset) as of December 31 each year, you will be required to report information on such assets in your tax return (tax form 720) for such year. After such shares and/or accounts are initially reported, the reporting obligation will apply for subsequent years only if the value of any previously-reported shares or accounts increases by more than €20,000. If the value of such shares and/or accounts as of December 31 does not exceed €50,000, a summarized form of declaration may be presented.

**SWEDEN**

There are no country-specific provisions.

**SWITZERLAND**

***NOTIFICATIONS***

**Securities Law Notification.** The Award offered hereunder is considered a private offering in Switzerland and is, therefore, not subject to registration in Switzerland.

**TAIWAN**

***NOTIFICATIONS***

**Exchange Control Information.** You may acquire and remit foreign currency (including proceeds from the sale of Shares or the receipt of dividends or Dividend Equivalents) up to US$5,000,000 per year without justification. If the transaction amount is TWD500,000 or more in a single transaction, you must submit a Foreign Exchange Transaction Form. If the transaction amount is US$500,000 or more in a single transaction, you must also provide supporting documentation to the satisfaction of the remitting bank.

**THAILAND**

***NOTIFICATIONS***

**Exchange Control Information.** If proceeds from the sale of Shares or the receipt of any dividends or Dividend Equivalents exceed US$50,000, you must (i) immediately repatriate such funds to Thailand and (ii) report the inward remittance to the Bank of Thailand on a Foreign Exchange Transaction Form. In addition, within 360 days of repatriation, you must either convert any funds repatriated to Thailand to Thai Baht or deposit the funds in a foreign exchange account with a Thai bank.

**TUNISIA**

***NOTIFICATIONS***

**Exchange Control Information.** If you hold assets (including Shares acquired under the Plan) outside Tunisia and the value of such assets exceeds a certain threshold (currently TDN 500), you must declare the assets to the Central Bank of Tunisia within six (6) months of their acquisition. In addition, if you sell the Shares acquired under the Plan or receive cash dividends or Dividend Equivalents paid in cash, you are required to repatriate the proceeds to Tunisia. You are solely responsible for complying with all exchange control laws in Tunisia and are advised to consult with your personal legal advisor in this regard.

**TURKEY**

***NOTIFICATIONS***

**Securities Law Information.** Under Turkish law, you are not permitted to sell Shares acquired under the Plan in Turkey. You must sell the Shares acquired under the Plan outside of Turkey. The shares are currently traded on the NASDAQ in the U.S. under the ticker symbol "AMGN" and shares may be sold on this exchange, which is located outside of Turkey.

**Exchange Control Information.** Pursuant to Decree No. 32 on the Protection of the Value of the Turkish Currency ("Decree 32") and Communique No. 2008-32/34 on Decree No. 32, any activity related to investments in foreign securities (*e.g.*, the sale of Shares under the Plan, the receipt of cash dividends or Dividend Equivalents paid in cash) must be conducted through a bank or financial intermediary institution licensed by the Turkish Capital Markets Board and should be reported to the Turkish Capital Markets Board. You are advised to contact a personal legal advisor for further information regarding these requirements.

**UNITED ARAB EMIRATES**

***NOTIFICATIONS***

**Securities Law Notice.** Performance Units under the Plan are available only to Participants under the Program and are for the purpose of providing equity incentives. The Plan, the Program and the Agreement are intended for distribution only to such Participants and must not be delivered to, or relied on by, any other person. You should conduct your own due diligence on the Performance Units offered pursuant to this Agreement. If you do not understand the contents of the Plan and/or the Agreement, you should consult an authorized financial adviser. The Emirates Securities and Commodities Authority and the Dubai Financial Services Authority have no responsibility for reviewing or verifying any documents in connection with the Plan. Further, the Ministry of the Economy and the Dubai Department of Economic Development have not approved the Plan or the Agreement nor taken steps to verify the information set out therein, and have no responsibility for such documents.

**UNITED KINGDOM**

***TERMS AND CONDITIONS***

**Tax Withholding.** This provision supplements Section V of the Agreement:

You agree that if you do not pay or your Employer or the Company does not withhold from you the full amount of income tax that you owe due at issuance of Shares in respect of the Performance Units, or the release or assignment of the Performance Units for consideration, or the receipt of any other benefit in connection with the Performance Units (the "Taxable Event") within 90 days after the end of the tax year in which the Taxable Event occurs, or such other period specified in Section 222(1)(c) of the U.K. Income Tax (Earnings and Pensions) Act 2003 (the "Due Date"), then the amount that should have been withheld and/or paid shall constitute a loan owed by you to your Employer, effective on the Due Date. You agree that the loan will bear interest at the official rate of HM Revenue and Customs ("HMRC") and will be immediately due and repayable by you, and the Company and/or your Employer may recover it at any time thereafter (subject to Section V of the Agreement) by any of the means described in Section V of the Agreement. You also authorize the Company to delay the issuance of any Shares to you unless and until the loan is repaid in full.

Notwithstanding the foregoing, if you are an executive officer or director (as within the meaning of Section 13(k) of the Exchange Act, as amended), from time to time, the terms of the immediately foregoing provision will not apply. In the event that you are an officer or executive director and income tax is not collected from or paid by you by the Due Date, the amount of any uncollected income tax may constitute a benefit to you on which additional income tax and national insurance contributions ("NICs") may be payable. You acknowledge that you are responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for reimbursing your Employer for the value of any NICs due on this additional benefit, which the Company or the Employer may recover from you by any of the means set forth in Section V of the Agreement.

**Joint Election.** As a condition of the Award, you agree to accept any liability for secondary Class 1 National Insurance Contributions (the "Employer NICs") which may be payable by the Company or your Employer with respect to the earning and/or payment of the Performance Units and issuance of Shares in respect of the Performance Units, the assignment or release of the Performance Units for consideration or the receipt of any other benefit in connection with the Performance Units.

Without limitation to the foregoing, you agree to make an election (the "Election"), in the form specified and/or approved for such election by HMRC, that the liability for your Employer NICs payments on any such gains shall be transferred to you to the fullest extent permitted by law. You further agree to execute such other elections as may be required between you and any successor to the Company and/or your Employer.

You hereby authorize the Company and your Employer to withhold such Employer NICs by any of the means set forth in Section V of the Agreement.

Failure by you to enter into an Election, withdrawal of approval of the Election by HMRC or a joint revocation of the Election by you and the Company or your Employer, as applicable, shall be grounds for the forfeiture and cancellation of the Performance Units, without any liability to the Company or your Employer.

**UNITED STATES**

***TERMS AND CONDITIONS***

**Nature of Grant.** The following provision replaces Section IX(j) of the Award Agreement:

(j) in the event of termination of your employment (whether or not in breach of local labor laws), your right to receive Performance Units and receive shares under the Plan and the Program, if any, will terminate effective as of the date that you are no longer actively employed; *provided*, *however*, that such right will be extended by any notice period mandated by law (*e.g*., the Worker Adjustment and Retraining Notification Act ("WARN Act") notice period or similar periods pursuant to local law) and any paid administrative leave (as applicable), unless the Company shall provide you with written notice otherwise before the commencement of such notice period or leave. In such event, payment of the Performance Units shall be made in accordance with Section IV.

**VENEZUELA**

***TERMS AND CONDITIONS***

**Form of Settlement- Performance Units Payable Only in Shares.** Notwithstanding any discretion in the Plan or anything to the contrary in the Agreement, the Performance Units do not provide any right for you, as a resident of Venezuela, to receive a cash payment and shall be paid in Shares only.

***NOTIFICATIONS***

**Exchange Control Information.** Any Shares acquired under the Plan are intended to be a personal investment and are not granted for the purposes of reselling the shares and converting the proceeds into foreign currency. You are advised to consult with your personal legal advisor prior to vesting and settlement of the Performance Units to ensure compliance with the applicable exchange control regulations in Venezuela, as such regulations change frequently. You are solely responsible for ensuring compliance with all exchange control laws in Venezuela.

**Securities Law Information.** The Performance Units granted under the Plan and the Shares issued under the Plan are offered as a personal, private, exclusive transaction and do not constitute a public offering under local law.

**Note: Redacted portions have been marked with [*]. The redacted portions are subject to a request for confidential treatment that has been filed with the Securities and Exchange Commission.**

# AMENDMENT NO. 1
# TO THE
# COLLABORATION AGREEMENT

This Amendment No. 1 to the Collaboration Agreement (this "**Amendment**") is entered into as of the 1st day of October, 2014 (the "**Amendment Effective Date**") by and between **Amgen Inc.**, a Delaware corporation with a place of business at One Amgen Center Drive, Thousand Oaks, California 91320 ("**Amgen**"), and **AstraZeneca Collaboration Ventures, LLC**, a Delaware limited liability company with a place of business at 1800 Concord Pike, Wilmington, Delaware 19850 ("**Partner**"). Amgen and Partner are sometimes referred to herein individually as a "**Party**" and collectively as the "**Parties**". AstraZeneca Pharmaceuticals LP, the parent corporation of Partner ("**AstraZeneca**"), [*] of the Agreement (as defined below) is a party to this Amendment [*].

**WHEREAS**, Amgen and Partner entered into that certain Collaboration Agreement, dated as of March 30, 2012 (the "**Agreement**");

**WHEREAS**, Amgen and Partner wish to update certain portions of the Agreement.

**NOW, THEREFORE**, in consideration of the mutual promises and covenants hereinafter set forth, the Parties hereto agree to amend the Agreement as follows:

## ARTICLE 1 - AMENDMENT

Capitalized terms used in this Amendment and not otherwise defined herein shall have the meanings ascribed to such terms in the Agreement.

1.3 **Amendment to Certain Definitions.** The Parties hereby agree that the following defintions in the Agreement are hereby deleted in their entirety and replaced with the following:

*"Excluded Territory"* means (i) with respect to AMG557 and AMG570, Japan, and (ii) with respect to AMG827, all countries not included within the AMG827 Territory.

*"Excluded Territory Agreement"* means (i) in relation to AMG827, the AMG827 Technology Transfer Agreement by and among Kyowa Hakko Kirin Co., Ltd., Amgen and Kirin-Amgen, Inc., the Research, Development and Technology Disclosure Agreement: AMG827 by and among Kyowa Hakko Kirin Co., Ltd., Amgen and Kirin-Amgen, Inc., and the AMG827 License Agreement between Kirin-Amgen, Inc., all dated October 29, 2010 and (ii) in relation to AMG557 and AMG570, means the License Agreement by and between Amgen and Takeda Pharmaceutical Company Limited dated February 1, 2008, in each case as the same have been amended and may be amended from time to time hereafter in accordance with terms of this Agreement.

**Amendment to Certain Schedules.** The Parties hereby agree that the following schedules to the Agreement are hereby deleted in their entirety and replaced with the schedules set forth in Appendix I attached hereto:

- Development/Commercial Lead Schedule;
- Distracting Product Schedule;
- Products Schedule; and
- Stage 1 Clinical Trial Schedule.

1.2 **Acknowledgement.** The Parties hereby acknowledge that (a) in accordance with Section 9.4 (Pre-Clinical Research and Development Programs) of the Agreement, the Inventorship Margin for AMG570 shall be [*] percent ([*]%), and (b) in accordance with Section 9.3.3 (Inclusion) of the Agreement, (i) all Development Costs and General Costs for AMG570 shall be shared on a [*] basis, and (ii) all Net Revenues for AMG570 shall, after the deduction of the Inventorship Margin for AMG570, be shared on a [*] basis.

1.3 **Manufacturing Lead.** The Parties hereby agree that, notwithstanding the provisions of Section 4.1 (Allocation of Manufacturing Responsibility) of the Agreement to the contrary, Amgen shall not be required to elect whether or not to continue as the Manufacturing Lead for AMG570 and AMG557 until [*].

## ARTICLE 2 - REFERENCE TO AND EFFECT ON THE AGREEMENT

2.1 **Reference to Agreement.** Upon and after the effectiveness of this Amendment, each reference in the Agreement to "this Agreement", "hereunder", "hereof" or words of like import referring to the Agreement shall mean and be a reference to the Agreement as modified and amended hereby.

2.2 **Effectiveness of Amendment.** Upon execution and delivery of this Amendment by both Parties, the amendments set forth above shall be effective as of the Amendment Effective Date. Except as specifically amended above, the Agreement is and shall continue to be in full force and effect and is hereby in all respects ratified and confirmed and shall constitute the legal, valid, binding and enforceable obligations of the Parties.

2.3 **No Waiver.** The execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of either Party under the Agreement, nor constitute a waiver of any provision of the Agreement.

## ARTICLE 3 - MISCELLANEOUS

3.1 **Governing Law.** This Amendment will be governed by, and enforced and construed in accordance with, the laws of the State of New York without regard to its conflicts of law provisions. Each of the Parties hereby irrevocably and unconditionally consents to submit to the exclusive jurisdiction of the state and federal courts of the State of New York for any matter arising out of or relating to this Amendment and the transactions contemplated hereby, and agrees not to commence any litigation relating thereto except in such courts. Each of the Parties hereby irrevocably and unconditionally waives any objection to the laying of venue of any matter arising out of this Amendment or the transactions contemplated hereby in the state and federal courts of the State of New York and hereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such matter brought in any such court has been brought in an inconvenient forum. The Parties agree that a final judgment in any such matter will be conclusive and may be enforced in other jurisdictions by suits on the judgment or in any other manner provided by law. Any proceeding brought by either Party under this Amendment will be exclusively conducted in the English language. The United Nations Convention for the International Sale of Goods will not apply to the transactions contemplated herein.

3.2 **Headings.** The heading for each article and section in this Amendment has been inserted for convenience of reference only and is not intended to limit or expand on the meaning of the language contained in the particular article or section.

3.3 **Counterparts.** This Amendment may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

[Signature page follows]

IN WITNESS THEREOF, duly authorized representatives of the Parties hereto have executed this Amendment as of the date first set forth above.

**ASTRAZENECA COLLABORATION VENTURES, LLC**

| | |
|---|---|
| By: | /s/ Pascal Soriot |
| Name: | Pascal Soriot |
| Title: | CEO |

**AMGEN INC.**

| | |
|---|---|
| By: | /s/ Robert A. Bradway |
| Name: | Robert A. Bradway |
| Title: | Chairman and Chief Executive Officer |

**ASTRAZENECA PHARMACEUTICALS LP**

| | |
|---|---|
| By: | /s/ Pascal Soriot |
| Name: | Pascal Soriot |
| Title: | CEO |

**Appendix I**
**Schedules**

## Schedule
## Development/Commercial Lead

| Amgen | Partner |
|---|---|
| AMG827 | AMG139 |
| AMG557 | AMG157 |
| AMG570 | AMG181 |

**AMG827 Respiratory-**

1 Specifically with regard to AMG827 at the global level, the Parties will work closely through the JPT on the commercial strategy for the Respiratory market for AMG827 with Amgen taking the primary responsibility for [*].
2 The Parties will [*].
3 The Parties will cooperate to ensure that [*] is made available to the JPT at both the global and regional level.
4 This arrangement will be noted in the press release and other approved communications as "[*]," or with words of similar import.

**AMG570-**

The Parties hereby agree that Amgen shall be the initial Development Lead and Commercial Lead for AMG570. The Parties shall [*], provided that, in the event that the Parties are unable to [*] if it elects to do so.

**Schedule**
**Distracting Product**

| Product | Product Target | Distracting Target* |
|---|---|---|
| AMG 139 | [*] | [*] |
| AMG 157 | [*] | [*] |
| AMG 181 | [*] | [*] |
| AMG 557 | [*] | [*] |
| AMG 570 | [*] | [*] |
| AMG 827 | [*] | [*] |

*Distracting Target includes (i) any **[*]**; (ii) any **[*]**; (iii) any **[*]**; (iv) any **[*]**; and (v) any **[*].** For avoidance of doubt, the Distracting Product Schedule lists without limitation **[*]**.

**Notwithstanding anything contained in the Agreement to the contrary, Amgen's **[*]** program referred to internally at Amgen as **[*]** shall not be a Distracting Product so long as such molecule is the subject of that certain License Agreement dated as of **[*]** by and between Amgen and **[*]**, as amended.

**Schedule**
**Products**

| Product |
|---|
| AMG 139 |
| AMG 157 |
| AMG 181 |
| AMG 557 |
| AMG 827 |
| AMG 570 |

**Schedule**
**Stage 1 Clinical Trial**

| Product | Stage 1 Clinical Trial |
|---|---|
| AMG139 | [*] |
| AMG157 | [*] |
| AMG181 | [*] |
| AMG557 | [*] |
| AMG827 | [*] |
| AMG570 | [*] |

**Exhibit 21**

**AMGEN INC.**

The following is a list of subsidiaries of the Company as of December 31, 2014, omitting some subsidiaries which, considered in the aggregate, would not constitute a significant subsidiary.

| SUBSIDIARY (Name under which subsidiary does business) | STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION |
|---|---|
| Amgen (Europe) GmbH | Switzerland |
| Amgen Fremont Inc. | Delaware |
| Amgen Global Finance B.V. | Netherlands |
| Amgen Limited | England |
| Amgen Manufacturing, Limited | Bermuda |
| Amgen Research (Munich) GmbH | Germany |
| Amgen Rockville, Inc. | Delaware |
| Amgen S.A.S. | France |
| Amgen SF, LLC | Delaware |
| Amgen Technology (Ireland) | Ireland |
| Amgen Technology, Limited | Bermuda |
| Amgen USA Inc. | Delaware |
| Amgen Worldwide Holdings B.V. | Netherlands |
| ATL Holdings Limited | Bermuda |
| Immunex Corporation | Washington |
| Immunex Rhode Island Corporation | Delaware |
| Onyx Pharmaceuticals, Inc. | Delaware |
| Onyx Pharmaceuticals International GmbH | Switzerland |
| Onyx Therapeutics, Inc. | Delaware |

**Exhibit 31**

**CERTIFICATIONS**

I, Robert A. Bradway, Chairman of the Board, Chief Executive Officer and President of Amgen Inc., certify that:

1. I have reviewed this Annual Report on Form 10-K of Amgen Inc.;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this annual report based on such evaluation; and

   (d) Disclosed in this annual report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 19, 2015

/s/ ROBERT A. BRADWAY

Robert A. Bradway
Chairman of the Board,
Chief Executive Officer and President

**CERTIFICATIONS**

I, David W. Meline, Executive Vice President and Chief Financial Officer of Amgen Inc., certify that:

1. I have reviewed this Annual Report on Form 10-K of Amgen Inc.;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this annual report based on such evaluation; and

   (d) Disclosed in this annual report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 19, 2015

/s/ DAVID W. MELINE

David W. Meline

Executive Vice President and Chief Financial Officer

**Exhibit 32**

**Certification of Chief Executive Officer**

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Amgen Inc. (the "Company") hereby certifies that:

(i) the accompanying Annual Report on Form 10-K of the Company for the period ended December 31, 2014 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(ii) information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: February 19, 2015

/s/ Robert A. Bradway

Robert A. Bradway

Chairman of the Board, Chief Executive Officer and President

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 ("Section 906"), or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Amgen Inc. and will be retained by Amgen Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

**Certification of Chief Financial Officer**

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Amgen Inc. (the "Company") hereby certifies that:

(i) the accompanying Annual Report on Form 10-K of the Company for the period ended December 31, 2014 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(ii) information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: February 19, 2015

/s/ DAVID W. MELINE

David W. Meline

Executive Vice President and Chief Financial Officer

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 ("Section 906"), or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Amgen Inc. and will be retained by Amgen Inc. and furnished to the Securities and Exchange Commission or its staff upon request.