- **GAAP to Non-GAAP Reconciliation for David Ebersman's presentation:**

The Company uses non-GAAP historical measures and forecasts to monitor and evaluate the Company's operating results and trends on an on-going basis and to facilitate internal comparisons to historical results. The Company also uses non-GAAP historical measures and forecasts internally for operating, budgeting and financial planning purposes. The Company believes that the non-GAAP historical measures and forecasts are useful for investors because it provides them with the ability to compare projected future operating results to historical operating results, better identify trends in the Company's business and better understand how management evaluates the business. **Non-GAAP historical measures and forecasts have limitations because they do not include all items of income and expense that affect the Company and they are not prepared in accordance with, and should not be considered in isolation of, or as an alternative to, measurements required by GAAP.**

- *Historical Non-GAAP Financial Measures*

Non-GAAP financial measures for 2003 through 2008 exclude the effects of: (i) recurring amortization charges related to the 1999 redemption of our common stock (Redemption) by Roche Holdings, Inc. and our 2007 acquisition of Tanox, Inc. (such Tanox charges applicable to 2007 and 2008 only) of $154 million in 2003, $145 million in 2004, $123 million in 2005, $105 million in 2006, $132 million in 2007, and $172 million in 2008 on a pretax basis, (ii) litigation-related and similar special items for accrued interest and associated bond costs on the City of Hope (COH) judgment, including accrued interest and costs related to obtaining a surety bond, and certain other litigation-related matters, in 2003 of ($113) million including Amgen and Bayer litigation settlements (net of accrued interest and bond costs related to the COH judgment); in 2004 of $37 million including accrued interest and bond costs related to the COH judgment (net of a released accrual on a separate litigation matter); in 2005 of $58 million including accrued interest and bond costs related to the COH judgment and net amounts paid related to other litigation settlements; in 2006 and 2007 of $54 million; and in 2008 of ($260) million on a pretax basis, (iii) employee stock-based compensation expense of $309 million in 2006; $403 million in 2007; and $399 million in 2008 on a pretax basis, (iv) a non-recurring charge of $77 million in 2007 related to the acquisition of Tanox, Inc. on a pretax basis, (v) a non-recurring gain pursuant to application of EITF 04-1 to our acquisition of Tanox, Inc. of $121 million in 2007 on a pretax basis, (vi) recognition of deferred royalty revenue resulting from our acquisition of Tanox, Inc. of $6 million in 2007 and $15 million in 2008 on a pretax basis, (vii) asset impairment charges of $15 million in 2008 related to the acquisition of Tanox, Inc. on a pretax basis; (viii) fees incurred on behalf of the Special Committee related to the proposal by Roche to acquire our outstanding shares (Roche Proposal) of $14 million in 2008; (ix) the cumulative effect of accounting changes, net of tax, of $47 million in 2003; (x) the related net income tax effects of excluding these items of $16 million in 2003, $73 million in 2004 and 2005, $191 million in 2006, $166 million in 2007, and $109 million in 2008. Please note that we did not adopt FAS 123R retrospectively.

The Company believes it is appropriate to exclude the effects of the Redemption-related charges; litigation-related and similar special items; the in-process R&D charge, recognition of deferred royalty revenue, asset impairment charges, recurring amortization of intangible assets and EITF 04-1 gain resulting from our acquisition of Tanox, Inc.; and charges associated with supporting the Special Committee because those amounts were the result of transactions that are unusual due to their nature, size or infrequency. The Company excludes the effects of employee stock-based compensation because of varying available valuation methodologies, subjective assumptions and the variety of award types; such exclusion facilitates both comparisons of the Company's operating results to our peer companies and comparison of the Company's financial results to any previous periods during which the Company's equity-based awards were not required to be reflected on the Company's income statements. Additionally, the Company excludes the tax effects of the items noted above in order to present a more meaningful measure of non-GAAP net income and EPS.

- *Non-GAAP Financial Forecasts*

The forecasts of non-GAAP financial measures exclude the effects of: (i) recurring amortization charges related to the Redemption and our 2007 acquisition of Tanox, Inc., (ii) items related to our acquisition of Tanox, Inc., including recognition of deferred royalty revenue, (iii) income tax effect on recurring charges related to the Redemption and our acquisition of Tanox, Inc. and recognition of deferred royalty revenue, and (iv) employee stock-based compensation expense. Additionally, estimates for unknown matters and other items which the Company cannot reasonably forecast, including costs incurred by the company on behalf of the Special Committee in connection with its review of the Roche Proposal and Roche Tender Offer, as well as legal costs incurred in defense of the Special Committee and/or its individual members in shareholder lawsuits filed in connection with the Roche Proposal and Roche Tender Offer, are not included in the non-GAAP forecasts. Free cash flow forecast is defined as non-GAAP operating income minus changes in working capital and capital expenditures.

The Company believes it is appropriate to exclude the effects of the Redemption-related charges, the impact of future litigation and other special items because these amounts are unknown to the Company or will be the result of transactions that are unusual due to their nature, size or infrequency. The Company excludes the effects of employee stock-based compensation from the non-GAAP forecasts because the calculation requires assumptions about future unknown matters, including the Company's stock price and the amount and type of awards to be issued, varying available methodologies and other subjective assumptions. The Company excludes the tax effects of certain items described above in order to present a more meaningful measure of non-GAAP EPS. The Company has historically excluded similar items when presenting non-GAAP financial measures. A quantitative reconciliation of these non-GAAP financial forecasts is not available without unreasonable effort.