Amgen's Third Quarter 2002 Adjusted Earnings Per Share Increase 13% To 34 Cents

October 23, 2002
AMGEN'S THIRD QUARTER 2002 ADJUSTED EARNINGS

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PER SHARE INCREASE 13% TO 34 CENTS

GAAP Loss of $2.10 Per Share Reflects $3 Billion One-Time

Write-Off of In-Process R&D Related to Immunex Acquisition

Total Product Sales Increase 53 Percent

From Newly Launched and Acquired Products

Product Sales Guidance for 2002 Raised to High 30 Percent

Range on Strength of New Products

Third Quarter Sales of Neulasta™ Reach $142 million,

Filgrastim Franchise 2002 Sales Growth Rate

Raised to Low to Mid 30 Percent

Third Quarter Sales of Aranesp® Grow to $114 million

FOR IMMEDIATE RELEASE

THOUSAND OAKS, Calif., October 23, 2002 -- Amgen (Nasdaq:AMGN) announced today that adjusted earnings per share for the third quarter of 2002 was 34 cents versus 30 cents for the third quarter of 2001, an increase of 13 percent. Adjusted net income was $437 million in the third quarter of 2002 versus $330 million in the third quarter of 2001, a 32 percent increase.

Adjusted earnings per share and adjusted net income for the three months ended September 30, 2002 exclude certain expenses related to the third quarter 2002 acquisition of Immunex and certain non-recurring items. These expenses and nonrecurring items are itemized on the reconciliation tables below.

On a reported basis, calculated in accordance with U.S. generally accepted accounting principles (GAAP), Amgen reported a loss of $2.6 billion or $2.10 per share for the third quarter of 2002. This loss was principally due to the one-time write-off of in-process research and development of $3 billion related to the acquisition of Immunex.

Total revenue increased 49 percent to $1.5 billion in the third quarter.

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Product Sales Performance and Expenses

Total product sales in the quarter were $1.3 billion, an increase of 53 percent over the same period last year benefiting from our acquisition and the launch of new products. Total product sales are expected to grow in the high-30 percent range in 2002.

"The third quarter continues to demonstrate our ability to significantly grow revenue through the contribution of our new products and strength in our core business," said Kevin Sharer, Chairman and CEO. "We remain focused on ensuring the continued success of our product launches, working toward increasing ENBREL® supply and expanding our pipeline," Sharer said.

Combined sales of EPOGEN„¥ (Epoetin alfa), Amgen's anemia therapy for patients on dialysis, and Aranesp® (darbepoetin alfa), its next-generation anemia treatment, for the third quarter increased 29 percent to $672 million from $520 million for the third quarter of 2001. EPOGEN® sales were $558 million for the third quarter, an increase of 8 percent over the same quarter last year. EPOGEN® sales growth was principally driven by demand and wholesaler inventory with equal contribution. Aranesp® sales for the third quarter were $114 million. The company believes Aranesp® sales were primarily driven by demand and reflect the newly added indication for oncology in the US. Amgen continues to expect combined sales of EPOGEN® and Aranesp® to grow in the low 20 percent range over combined 2001 sales.

Combined sales of NEUPOGEN„¥ (Filgrastim), used to decrease the incidence of infection during many types of cancer-related chemotherapy, and Neulasta (pegfilgrastim), Amgen's recently introduced once-per-cycle product for decreasing infections, increased 32 percent, to $474 million from $360 million for NEUPOGEN® alone in the third quarter of 2001. NEUPOGEN® sales were $332 million for the third quarter of 2002. Neulasta™ sales were $142 million in the third quarter. Amgen believes that sales growth for the Filgrastim franchise was driven by demand. For the full year 2002, Amgen expects the combined NEUPOGEN/Neulasta growth rate to be in the low to mid-30 percent range versus the company's previous guidance of mid-20 percent growth.

ENBREL® (etanercept), Amgen's inflammation biologic, recorded third quarter sales of $158 million, and reflect sales generated after the close of the acquisition of Immunex on July 15, 2002. Amgen previously expected ENBREL® sales to range between $350 and $400 million for the period of 2002 in which Amgen owned the product and $800-$850 million for the full year 2002.

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The company now expects sales to be at, or slightly below the low end of these ranges due to continuing supply considerations. Amgen announced that the U.S.

Food & Drug Administration (FDA) has notified the Company of their intention to inspect the new ENBREL® manufacturing and fill and finish facilities in November. A successful inspection is expected to alleviate the current ENBREL® supply constraints in first quarter of 2003.

Expenses on an adjusted basis were as follows:

Cost of sales increased to $201 million from $103 million during the third quarter of 2001 primarily due to increased sales and the incremental cost of newly acquired products. Cost of sales as a percent of sales has increased from 12% in the third quarter of 2001 to 15% in the third quarter of 2002, which principally reflects ENBREL®'s higher manufacturing costs and higher royalty expense.

„h In the third quarter R&D expense was $304 million and reflects the inclusion of newly acquired products and product candidates, versus $217 million in the third quarter of 2001.

„h SG&A expense was $377 million in the third quarter of 2002 reflecting the inclusion of newly acquired products, the Wyeth profit share related to ENBREL® and additional spending in support of new products, versus $222 million for the prior year.

For 2002, adjusted EPS is expected to grow at a mid-teens rate. Amgen announced that it would provide financial guidance for 2003 at its Business Review Meeting to be held on November 21, 2002

Pipeline Update

As announced previously, during the third quarter Amgen received regulatory approval from the FDA for Aranesp® for the treatment of anemia associated with chemotherapy in patients with nonmyeloid malignancies. Approvals were also received from the European Commission to market both Neulasta™ for reducing the risk of neutropenia and Aranesp® for the treatment of anemia, respectively, in cancer patients receiving chemotherapy. Aranesp® was also approved in Canada for the treatment of anemia associated with chronic renal failure.

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During the fourth quarter, new clinical developments will be presented at the American College of Rheumatology meeting in New Orleans related to ENBREL® and Kineret® (anakinra). Abstracts on ENBREL® would include 5-year safety and efficacy data from rheumatoid arthritis patients, 4-year early RA data and 3-year quality of life data. Kineret® data will include abstracts on the use of Kineret® in pediatric RA patients and data on ability to inhibit bone and joint destruction. A study of Kineret® used in combination with ENBREL® will also be presented. In this single evaluation Kineret® treatment did not provide a statistically significant benefit to patients who were also receiving ENBREL®. These data reinforce our recommendation that Kineret® and ENBREL® not be used in

combination.

Forward-Looking Statements

This news release contains forward-looking statements that involve significant risks and uncertainties, including those discussed below and more fully described in the Securities and Exchange Commission reports filed by Amgen, including our most recent Form 10-Q. Amgen conducts research in the biotechnology/pharmaceutical field where movement from concept to product is uncertain; consequently, there can be no guarantee that any particular product candidate will be successful and become a commercial product.

Furthermore, our testing, pricing, marketing and other operations are subject to extensive regulation by domestic and foreign government regulatory authorities. In addition, sales of our products are affected by reimbursement policies imposed by third party payors, including governments, private insurance plans and managed care providers. These government regulations and reimbursement policies may affect the development, usage and pricing of our products.

In addition, while we routinely obtain patents for our products and technology, the protection offered by our patents and patent applications may be challenged, invalidated or circumvented by our competitors.

Also, we may not realize all of the anticipated benefits of the merger, including synergies, cost savings, sales and growth opportunities. Furthermore, the limits on our current supply ENBREL® constrain ENBREL® sales and our sources of supply for ENBREL® are limited and dependent on third party manufacturers. Additionally, the adjustments related to the merger are based on a preliminary allocation of the purchase price and estimates of anticipated expenses, and the final determination of such allocation and expenses may differ significantly.

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Because forward-looking statements involve risks and uncertainties, actual results may differ materially from current results expected by Amgen. Amgen is providing this information as of October 23, 2002 and expressly disclaims any duty to update information contained in this press release.

Amgen is a global biotechnology company that discovers, develops, manufactures and markets important human therapeutics based on advances in cellular and molecular biology.

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EDITOR'S NOTE: An electronic version of this news release may be accessed via our web site at **www.amgen.com**. Visit the Corporate Center and click on Amgen

News. Journalists and media representatives may sign up to receive all news releases electronically at time of announcement by filling out a short form in the Amgen News section of the web site.

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Amgen Inc.

Condensed Consolidated Statements of Operations and

Reconciliation of "Adjusted" Earnings to GAAP Earnings

(In millions, except per share data)

(Unaudited)

	Three Months Ended September 30, 2002			**Three Months Ended September 30, 2001***
	"Adjusted"	Adjustments	GAAP	
Revenues				
Product sales	$ 1,345.8	$ -	$ 1,345.8	$ 879.6
Corporate partner revenues	62.8	-	62.8	60.6
Royalty income	90.7	-	90.7	62.9
Total revenues	1,499.3	-	1,499.3	1,003.1
Operating Expenses				
Cost of sales	200.7	22.2 **(1)**	226.4	102.7
	3.5 **(2)**			
Research and development	304.1	8.5 **(2)**	312.6	216.9
Selling, general and administrative	376.9	9.9 **(2)**	394.9	221.8
	8.1 **(3)**			
Write off of acquired in-process R&D	-	2,991.8 **(4)**	2991.8	-
Amortization of intangible assets	-	70.6 **(5)**	70.6	-
(Earnings) loss of affiliates, net	(3.4)	-	(3.4)	5.5
Other items, net	-	(35.5) **(6)**	(35.5)	-
Total operating expenses	878.3	3,079.1	3,957.4	546.9
Operating income (loss)	621.0	(3,079.1)	(2,458.1)	456.2
Other income (expense):				
Interest and other income, net	23.7	-	23.7	44.4
Interest expense, net	(11.6)	-	(11.6)	(2.3)
Total other income	12.1	-	12.1	42.1
Income (loss) before income taxes	633.1	(3,079.1)	(2,446.0)	498.3
Provision for income taxes	196.3	(40.7) **(7)**	155.6	168.4
Net income (loss)	$ 436.8	$(3,038.4)	$(2,601.6)	$ 329.9
Earnings (loss) per share:				
Basic	$ 0.35		$ (2.10)	$ 0.31

Diluted ¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K $ 0.34 $ (2.10) $ 0.30

Shares used in calculation of earnings (loss) per share:

Basic ¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K 1,241.7 1,241.7 1,048.3

Diluted ¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K 1,302.7 1,241.7 1,084.6

(1) - (7) See explanatory notes on Page 8

* GAAP and Adjusted results of operations are the same

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Amgen Inc.

Condensed Consolidated Statements of Operations and

Reconciliation of "Adjusted" Earnings to GAAP Earnings

(In millions, except per share data)

(Unaudited)

Nine Months Ended

September 30, 2002

Nine Months Ended

September 30, 2001*

"Adjusted" Adjustments GAAP

Revenues

Product sales ¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K $ 3,369.6 $ - $ 3,369.6 $ 2,536.9

Corporate partner revenues ¡K¡K¡K¡K¡K. 148.2 - 148.2 182.0

Royalty income ¡K¡K¡K¡K¡K¡K.¡K¡K¡K.. 239.1 - 239.1 172.5

Total revenues ¡K¡K¡K¡K¡K¡K¡K¡K. 3,756.9 - 3,756.9 2,891.4

Operating Expenses

Cost of sales ¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K. 436.2 22.2 **(1)** 461.9 290.5

3.5 **(2)**

Research and development ¡K¡K¡K¡K¡K.. 741.1 8.5 **(2)** 749.6 632.4

Selling, general and administrative¡K¡K¡K.. 943.2 9.9 **(2)** 961.2 644.5

8.1 **(3)**

Write off of acquired in-process R&D ¡K - 2,991.8 **(4)** 2991.8 -

Amortization of intangible assets ¡K¡K¡K - 70.6 **(5)** 70.6 -

(Earnings) loss of affiliates, net ¡K¡K¡K.. (6.8) - (6.8) 1.9

Other items, net ¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K - (35.5) **(6)** (35.5) -

Total operating expenses ¡K¡K¡K¡K¡K. 2,113.7 3,079.1 5,192.8 1,569.3

Operating income (loss) ¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K.. 1,643.2 (3,079.1) (1,435.9) 1,322.1

Other income (expense):

Interest and other income, net ¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K. 112.9 - 112.9 133.2

Interest expense, net ¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K (31.3) - (31.3) (10.2)

Total other income ¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K. 81.6 - 81.6 123.0

Income (loss) before income taxes ¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K. 1,724.8 (3,079.1) (1,354.3) 1,445.1

Provision for income taxes ¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K.. 534.7 (40.7) **(7)** 494.0 488.4

Net income (loss) ¡K¡K¡K¡K¡K¡K¡K¡K¡K. $ 1,190.1 $(3,038.4) $(1,848.3) $ 956.7

Earnings (loss) per share:

Basic ¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K $ 1.08 $ (1.67) $ 0.92

Diluted ¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K $ 1.03 $ (1.67) $ 0.88

Shares used in calculation of earnings (loss) per share:

Basic ¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K 1,105.5 1,105.5 1,044.9

Diluted ¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K 1,160.1 1,105.5 1,085.4

(1) - (7) See explanatory notes on Page 8

* GAAP and Adjusted results of operations are the same

Amgen Inc.

Notes to Reconciliation of "Adjusted" Earnings to GAAP Earnings

(In millions)

(Unaudited)

(1) To include the non-cash expense related to valuing the inventory acquired from Immunex at fair value. The total estimated remaining non-cash charge associated with revaluing acquired inventory is approximately $20 million, pre-tax, and will be substantially incurred in the quarter ending December 31, 2002.

(2) To include the incremental compensation payable to certain Immunex employees principally under the Immunex short-term retention plan. The total estimated remaining costs of such retention benefits is approximately $120 million, pre-tax, and will be incurred through the quarter ending June 30, 2004.

(3) To include external, incremental consulting and systems integration costs directly associated with the integration of Immunex. The total estimated remaining consulting and systems integration costs is approximately $10 million, pre-tax, and will be substantially incurred in the quarter ending December 31, 2002.

(4) To include the one-time, non-cash expense associated with writing off the acquired in-process research and development related to the Immunex acquisition.

(5) To include the ongoing non-cash amortization of acquired intangible assets, primarily Enbrel®, related to the Immunex acquisition. This charge will be recognized over the useful lives of the assets currently estimated to be 15 years. The total annual non-cash charge is currently estimated to be approximately $340 million, pre-tax.

(6) To include a one-time benefit primarily related to the recovery of certain amounts expensed in the fourth quarter of 2001. This benefit is primarily in connection with terminating collaboration agreements with various third parties, principally Praecis Pharmaceuticals.

(7) To reflect the tax effect of the above adjustments, excluding the write-off of acquired in-process R&D.

Amgen Inc.

Condensed Consolidated Balance Sheets

(In millions)

(Unaudited)

September 30,

2002

December 31,

2001

Assets

Current assets:

Cash and marketable securities ¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K $ 4,042.2 $ 2,662.2

Trade receivables, net ¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K.. 622.2 497.2

Inventories ¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K 526.5 355.6

Other current assets ¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K. 633.5 343.6

Total current assets ¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K... 5,824.4 3,858.6

Property, plant, and equipment, net ¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K 2,666.2 1,946.1

Intangible assets, net ¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K.. 4,904.6 34.1

Goodwill ¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K. 9,817.2 97.2

Other assets ¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K 528.7 507.1

Total assets ¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K.. $ 23,741.1 $ 6,443.1

Liabilities and Stockholders' Equity

Current liabilities ¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K.. $ 1,471.0 $ 1,002.9

Deferred tax liabilities¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K 1,565.6 -

Long-term debt ¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K. 3,039.7 223.0

Stockholders' equity ¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K. 17,664.8 5,217.2

Total liabilities and stockholders' equity ¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K 23,741.1 $ 6,443.1

Shares outstanding ¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K¡K 1,282.3 1,045.8