SECURITIES AND EXCHANGE COMMISSION
WASHINGTON D.C. 20549
FORM 10-K

(Mark One)
[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 1996

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
Commission file number 0-12477

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.)

1840 DeHavilland Drive, Thousand Oaks, California	91320-1789
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: 805-447-1000

Securities registered pursuant to Section 12(g) of the Act:
Common stock, $.0001 par value, Common shares purchase rights, Contractual contingent payment rights
(Title of class)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 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 X 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. [X]

The approximate aggregate market value of voting stock held by non-affiliates of the registrant was $15,957,482,000 as of February 28, 1997 (A)
265,393,070
(Number of shares of common stock outstanding as of February 28, 1997)

Documents incorporated by reference:

Document	Form 10-K Parts
Definitive 1997 Proxy Statement, to be filed within 120 days of December 31, 1996 (specified portions)	III

(A) Excludes 4,329,964 shares of common stock held by directors and officers, and any stockholders whose ownership exceeds five percent of the shares outstanding, at February 28, 1997. 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.

PART I

Item 1. BUSINESS

Overview

Amgen Inc. ("Amgen" or the "Company") is a global biotechnology company that discovers, develops, manufactures and markets human therapeutics based on advances in cellular and molecular biology.

The Company manufactures and markets two human therapeutic products, NEUPOGEN(R) (Filgrastim) and EPOGEN(R) (Epoetin alfa). NEUPOGEN(R) selectively stimulates the production of neutrophils, one type of white blood cell. The Company markets NEUPOGEN(R) in the United States, countries of the European Union ("EU"), Canada and Australia for use in decreasing the incidence of infection in patients undergoing myelosuppressive chemotherapy. In addition,

NEUPOGEN(R) is marketed in most of these countries for use in reducing the duration of neutropenia for patients undergoing myeloablative therapy followed by bone marrow transplantation, for treating patients with severe chronic neutropenia and to support peripheral blood progenitor cell ("PBPC") transplantations. EPOGEN(R) stimulates the production of red blood cells and is marketed by Amgen in the United States for the treatment of anemia associated with chronic renal failure in patients on dialysis.

The Company focuses its research on biological cell/tissue events and its development efforts on human therapeutics in the areas of hematopoiesis, neurobiology, endocrinology, inflammation and soft tissue repair and regeneration. The Company has research facilities in the United States and Canada and has clinical development staff in the United States, the EU, Canada, Australia, Japan and Hong Kong. To augment internal research and development efforts, the Company has established external research collaborations and has acquired certain product and technology rights.

Amgen operates commercial manufacturing facilities located in the United States and Puerto Rico. A sales and marketing force is maintained in the United States, the EU, Canada and Australia. In addition, Amgen has entered into licensing and co-promotion agreements to market NEUPOGEN(R) and EPOGEN(R) in certain geographic areas.

The Company was incorporated in California in 1980 and was merged into a Delaware corporation in 1987. Amgen's principal executive offices are located at 1840 DeHavilland Drive, Thousand Oaks, California 91320-1789.

Products

Recombinant human granulocyte colony-stimulating factor

NEUPOGEN(R) (proper name - Filgrastim) is Amgen's trademark for its recombinant human methionyl granulocyte colony-stimulating factor ("G-CSF"), a protein that selectively stimulates production of certain white blood cells known as neutrophils. Neutrophils are the body's first defense against infection. Treatments for various diseases and diseases themselves can result in extremely low numbers

of neutrophils, a condition called neutropenia. Myelosuppressive chemotherapy, one treatment option for individuals with cancer, targets cell types which grow rapidly, such as tumor cells, neutrophils and other types of blood cells. Providing NEUPOGEN(R) as an adjunct to myelosuppressive chemotherapy can reduce the duration of neutropenia and thereby reduce the potential for infection.

Congenital neutropenia is an example of disease-related neutropenia. In congenital neutropenia, the body fails to manufacture sufficient neutrophils. Chronic administration of NEUPOGEN(R) has been shown to reduce the incidence and duration of neutropenia-related consequences such as fever and infections in patients with congenital neutropenia.

Patients undergoing bone marrow transplantation are treated with NEUPOGEN(R) to accelerate recovery of neutrophils following chemotherapy and bone marrow infusion. NEUPOGEN(R) also has been shown to induce immature blood cells (progenitor cells) to migrate (mobilize) from the bone marrow into the blood circulatory system. When these progenitor cells are collected from the blood, stored and re-infused after chemotherapy (transplanted), recovery of platelets, red blood cells and neutrophils is accelerated. PBPC transplantation is becoming an alternative to autologous bone marrow transplantation for some patients.

The Company began selling NEUPOGEN(R) in the United States in February 1991 (see "Joint Ventures and Business Relationships - Kirin Brewery Company, Limited"). NEUPOGEN(R) was initially indicated to decrease the incidence of infection as manifested by febrile neutropenia for patients with non-myeloid malignancies undergoing myelosuppressive chemotherapy. Subsequently, the U.S. Food and Drug Administration ("FDA") cleared NEUPOGEN(R) for three additional indications: (1) to reduce the duration of neutropenia for patients with non-myeloid malignancies undergoing myeloablative therapy followed by bone marrow transplantation, (2) to reduce the incidence and duration of neutropenia-related consequences in symptomatic patients with congenital neutropenia, cyclic neutropenia or idiopathic neutropenia, and (3) for use in mobilization of PBPC for stem cell transplantation.

In the EU, Canada and Australia, NEUPOGEN(R) is marketed as an adjunct to chemotherapy and as a treatment for patients with severe chronic neutropenia. NEUPOGEN(R) is also marketed in these geographic areas for use in reducing the duration of neutropenia for patients undergoing myeloablative therapy followed by bone marrow transplantation and to support PBPC transplantations. Amgen and F. Hoffmann-La Roche Ltd. ("Roche") jointly market NEUPOGEN(R) in the EU under a co-promotion agreement (see "Marketing").

In March 1996, NEUPOGEN(R) was approved for use in the United Kingdom (the "UK") as a supportive therapy to treat neutropenia in people with advanced HIV infection. The initial submission to the UK was made as part of the EU mutual recognition procedure that enables companies to seek approvals in other EU countries. Due to the completion of a randomized trial in 1996 that served as the basis for the FDA submission, the Company intends to supplement the original

filing in Europe by submitting these additional data, again using the mutual recognition procedure. To facilitate this procedure, it was necessary for the Company to request in February 1997 the withdrawal of the original approval in the UK.

In Japan, Taiwan and Korea, Kirin Brewery Company, Limited ("Kirin"), was granted rights to market G-CSF under licensing agreements with Kirin-Amgen, Inc. ("Kirin-Amgen"). Kirin-Amgen is a joint venture between the Company and Kirin (see "Joint Ventures and Business Relationships - Kirin Brewery Company, Limited"). Kirin markets its G-CSF product in these countries under the trademark GRAN(R).

The Company is pursuing additional indications with NEUPOGEN(R). Clinical trials were completed examining NEUPOGEN(R) as an adjunct to chemotherapy in patients with acute myelogenous leukemia ("AML"). License applications for marketing clearance of this supplemental indication were submitted to the U.S., European, Canadian and Australian regulatory authorities in 1996. In addition, a trial for the treatment of neutropenia in HIV-infected patients was completed, and a supplemental licensing application for approval of this indication was submitted to the FDA in 1996. Later stage trials are examining NEUPOGEN(R) as an adjunct to dose-intensified chemotherapy in patients with various tumor types. The Company is also continuing to investigate NEUPOGEN(R)'s potential benefits for patients in severe infectious disease settings.

In December 1996, the U.S. Patent and Trademark Office issued to the Company a patent covering product rights to recombinant human methionyl G-CSF or NEUPOGEN(R). The patent provides protection against unauthorized making, importation, use or sale of recombinant G-CSF in the United States until 2013. Also in December 1996, the U.S. Patent and Trademark Office issued to the Company a patent covering methods of using recombinant G-CSF. This patent may be enforced in the United States until 2013. Previously issued patents cover aspects of DNA, vectors and processes related to recombinant G-CSF.

For the years ended December 31, 1996, 1995 and 1994, sales of NEUPOGEN(R) accounted for approximately 45%, 48% and 50%, respectively, of total revenues.

Recombinant human erythropoietin

EPOGEN(R) (proper name - Epoetin alfa) is Amgen's trademark for its recombinant human erythropoietin product, a protein that stimulates red blood cell production. Red blood cells transport oxygen to all cells of the body. Without adequate amounts of erythropoietin, the red blood cell count is reduced thereby diminishing the ability of the blood to deliver sufficient amounts of oxygen to the body, resulting in anemia. People with chronic renal failure suffer from anemia because they do not produce sufficient amounts of erythropoietin. EPOGEN(R) is effective in the treatment of anemia associated with chronic renal failure for patients on dialysis and is indicated to elevate or maintain the red blood cell level (as manifested by hematocrit or hemoglobin determinations) and to decrease the need for blood transfusions in these patients.

In the United States, Amgen was granted rights to market recombinant human erythropoietin under a licensing agreement with Kirin-Amgen (see "Joint Ventures and Business Relationships - Kirin Brewery Company, Limited"). The Company began selling EPOGEN(R) in 1989 when the FDA gave clearance for its use in the treatment of anemia associated with chronic renal failure. The FDA designated EPOGEN(R) as an orphan drug, and such designation expired in 1996. In 1994, the FDA cleared a supplement to the Epoetin alfa product license which included an expanded target hematocrit range for patients with chronic renal failure. The target hematocrit, or percentage of red blood cells, was expanded to a range of 30 to 36 percent from the previously indicated range of 30 to 33 percent.

The Company filed an additional license supplement with the FDA for the use of EPOGEN(R) in pediatric dialysis patients in 1996. Also during 1996, the Company discontinued the EPOGEN(R) Normal Hematocrit study. In this study, patients with symptomatic heart disease were randomized to a control group targeted at a hematocrit of 30 percent or an intervention group targeted toward a hematocrit of 42 percent (the average hematocrit level of people not undergoing dialysis treatment). In the 631 patient control group, 185 died compared with 221 of 634 in the intervention group. Subsequently, the Company revised the EPOGEN(R) package insert to incorporate language pertaining to the related mortality risks in dialysis patients with heart disease being treated with EPOGEN(R). The revised package insert states that hemodialysis patients with heart disease receiving EPOGEN(R) should have their hematocrit maintained carefully not to exceed 36 percent.

The Company has retained exclusive rights to market EPOGEN(R) in the United States for dialysis patients. Amgen has granted Ortho Pharmaceutical Corporation, a subsidiary of Johnson & Johnson, hereafter referred to as "Johnson & Johnson", a license to pursue commercialization of recombinant human erythropoietin as a human therapeutic in the United States in all markets other than dialysis and diagnostics. See Note 1 to the Consolidated Financial Statements - - "Product sales" and Note 4 to the Consolidated Financial Statements - - "Johnson & Johnson arbitrations".

In Japan, Kirin was granted rights to market recombinant human erythropoietin under a licensing agreement with Kirin-Amgen (see "Joint Ventures and Business Relationships - Kirin Brewery Company, Limited"). Kirin markets its recombinant human erythropoietin product under the trademark ESPO(R).

In countries other than the United States (except as described above), the People's Republic of China and Japan, Johnson & Johnson was granted rights to pursue the commercialization of erythropoietin as a human therapeutic under a licensing agreement with Kirin-Amgen. Affiliates of Johnson & Johnson market erythropoietin for treatment of anemia associated with chronic renal failure under the trademark EPREX(R) in several countries.

In August 1996, the U.S. Patent and Trademark Office issued to the Company a patent covering product rights to erythropoietin or EPOGEN(R). This patent provides broad protection against unauthorized making, importation, use or sale of erythropoietin in the United States until 2013. Previously issued patents cover aspects of DNA and host cells and the manufacturing process for erythropoietin.

For the years ended December 31, 1996, 1995 and 1994, sales of EPOGEN(R) accounted for approximately 48%, 46% and 44%, respectively, of total revenues.

Product Candidates

Consensus interferon

Interferons are a class of naturally occurring proteins with anti-viral and anti-tumor activity that also modulate the immune system. INFERGEN(R) (proper name - Interferon alfacon-1), Amgen's consensus interferon, is a non-naturally occurring protein that combines structural features of many interferon sub-types. A Phase 3 clinical trial for treatment of chronic hepatitis C with INFERGEN(R), completed in 1995, indicated that INFERGEN(R) may be safe and effective in treating this disease. Hepatitis C viral infection is a potentially deadly disease that, if not treated, may lead to cirrhosis and hepatocellular carcinoma. Amgen filed license applications in 1996 with the U.S. and Canadian regulatory authorities requesting clearance for marketing INFERGEN(R) for treatment of hepatitis C virus. The Company expects to launch INFERGEN(R) following regulatory approval. Also in 1996, Amgen licensed to Yamanouchi Pharmaceutical Co., Ltd. of Tokyo the rights to develop, manufacture and commercialize Amgen's consensus interferon for all indications around the world except in the United States and Canada. (See "Joint Ventures and Business Relationships - Yamanouchi Pharmaceutical Co., Ltd."). Amgen has the right to market INFERGEN(R) in these two countries.

Hematopoietic growth factors

Hematopoietic growth factors are proteins which influence growth, migration, and maturation of certain types of blood cells. Stem cell factor ("SCF") or STEMGEN(TM), one of the Company's hematopoietic growth factors, has been shown to influence the production, mobilization, and maturation of progenitor cells. Human clinical trials have been completed which investigated the utility of SCF in combination with NEUPOGEN(R) for improved mobilization of progenitor cells prior to PBPC transplantation in patients with breast cancer. License applications for marketing clearance of SCF in this indication are expected to be submitted to the U.S., European, Canadian and Australian regulatory authorities in 1997.

The Company's novel platelet growth factor, MGDF, another hematopoietic growth factor, has been shown in preclinical and early clinical research to be a promising agent for ameliorating the thrombocytopenia caused by intensive chemotherapy or irradiation. Thrombocytopenia, or severely depressed platelet numbers, can result

in severe internal bleeding. The Company expanded its investigation of MGDF in 1996 to include several cancer-support treatments and into a setting where normal platelet donors receive MGDF before platelet donation. The initial clinical trial in AML demonstrated modest benefit, and the Company is engaged in ongoing trials in this and other indications. The Company is collaborating in the development of MGDF with Kirin (see "Joint Ventures and Business Relationships - Kirin Brewery Company, Limited"), and human clinical testing is ongoing. In 1995, Amgen, Kirin, and Kirin-Amgen signed agreements with Novo Nordisk A/S and certain of its subsidiaries (including ZymoGenetics, Inc.) for rights to thrombopoietin, a protein hormone that stimulates the production of platelets in the blood. The acquisition of these rights complements the development of MGDF.

Another hematopoietic growth factor in development at Amgen is novel erythropoiesis stimulating protein ("NESP"). Human clinical trials for NESP in the treatment of anemia in patients with chronic renal failure began in January 1997. The Company has entered into an agreement with Kirin to jointly develop and market NESP through its joint venture, Kirin-Amgen (see "Joint Ventures and Business Relationships - Kirin Brewery Company, Limited").

Neurobiology

The Company has extensive discovery programs in neurological and neuroendocrine disorders. Neurotrophic factors are proteins which play a role in nerve cell protection and regeneration and which may therefore be useful in treating a variety of neurological disorders, including neurodegenerative diseases of the central and peripheral nervous systems, and also nerve injury or trauma. Glial cell line derived neurotrophic factor ("GDNF") is in clinical studies for possible use in the treatment of Parkinson's disease and amyotrophic lateral sclerosis ("ALS" or Lou Gehrig's disease). GDNF was added to the Company's neurobiology research program through the acquisition of Synergen, Inc. ("Synergen") (see Note 1 to the Consolidated Financial Statements - "Research and development costs").

Human clinical testing of two neurotrophic factors, neurotrophin-3 ("NT-3") and brain-derived neurotrophic factor ("BDNF"), is currently being conducted in collaboration with Regeneron Pharmaceuticals, Inc. ("Regeneron") (see "Joint Ventures and Business Relationships - Regeneron Pharmaceuticals, Inc."). NT-3 is being investigated as a potential treatment for diabetic neuropathy. The Phase 3 clinical trial of BDNF with subcutaneous delivery for the treatment of ALS did not demonstrate clinical efficacy in the endpoints measured in patients with this disease. The trial showed no statistically significant or clinically relevant difference in breathing capacity or survival between treatment and placebo groups. No further development of subcutaneous delivery for ALS is planned. Small, early stage clinical trials of BDNF investigating intrathecal administration for ALS and subcutaneous delivery for diabetic neuropathy are in progress.

Endocrinology

Leptin is the protein produced by the obesity gene which is made in fat cells and is believed to help regulate the amount of fat stored by the body. This protein has been shown in some early preclinical animal models to produce a reduction in body weight and body fat. In 1995, The Rockefeller University granted to the Company an exclusive license which allows the Company to develop products based on the obesity gene (see "Joint Ventures and Business Relationships - Other business relationships"). A human clinical trial of leptin was begun in 1996. Amgen also plans to begin clinical trials to study leptin in non-insulin dependent type II diabetes within the next 12 months. The Company also entered into a licensing agreement in 1996 with Progenitor, Inc., a majority-owned subsidiary of Interneuron Pharmaceuticals, Inc., for certain exclusive rights for the development and commercialization of products using Progenitor Inc.'s leptin receptor technology.

Primary hyperparathyroidism ("HPT") is a disorder that causes excessive secretion of parathyroid hormone from the parathyroid gland, leading to elevated serum calcium, called hypercalcemia. Symptoms may include bone loss, gastrointestinal distress, muscle weakness, depression and forgetfulness. This disorder currently lacks effective treatment other than surgery. Secondary HPT is commonly seen as a result of kidney failure, affecting as much as 80 percent of dialysis patients. The Company has entered into an agreement with NPS Pharmaceuticals, Inc. ("NPS") for Amgen to develop and commercialize NPS's calcimimetic small molecules based on NPS's proprietary calcium receptor technology for the treatment of HPT (see "Joint Ventures and Business Relationships - Other business relationships"). The first product candidate in this class of compounds is being investigated in a human clinical trial as a treatment for secondary HPT.

Inflammation

The inflammatory response is essential for defense against harmful micro-organisms and for the repair of damaged tissues. The failure of the body's control mechanisms regulating inflammatory response occurs in conditions such as rheumatoid arthritis, acute respiratory distress syndrome and asthma. Tumor necrosis factor binding protein ("TNFbp") and interleukin-1 receptor antagonist ("IL-1ra") are two product candidates added to the Company's inflammation research program through the acquisition of Synergen. First generation molecules of TNFbp and Il-1ra have been in human clinical trials. A human clinical trial for TNFbp was completed for possible use in the treatment of rheumatoid arthritis. A human clinical trial for IL-1ra in combination with methotrexate for treatment of rheumatoid arthritis is ongoing. (See "Joint Ventures and Business Relationships - Synergen Clinical Partners.") The Company has developed second generation molecules as a potential replacement for TNFbp and as a sustained delivery formulation for IL-1ra, both of which have demonstrated some additional benefit in preclinical studies over the first generation product candidates. Although the Company does not intend to pursue further clinical development of first generation TNFbp, it plans to continue clinical development of first generation IL-1ra. The Company is also conducting research to discover and develop other molecules for the treatment of inflammtory diseases.

Soft tissue repair and regeneration

Soft tissue growth factors are believed to play a role in accelerating or improving tissue regeneration and wound healing. In some cases, these agents may also protect tissues from injuries such as irradiation, chemotherapy, and hyperoxia. These growth factors likely regulate a broad range of cellular activities. Amgen currently is conducting research on certain tissue growth factors including keratinocyte growth factor ("KGF"). Human clinical trials for KGF were initiated in 1996 for the treatment of mucositis, a side effect often experienced by patients undergoing chemotherapy.

Cell therapy

Cell selection technology complements the Company's research and development efforts in hematopoiesis. Amgen's hematopoietic growth factors, together with selected hematopoietic cells, enable the Company to pursue the investigation of new and potentially more effective cancer therapy protocols. In 1994, Amgen acquired an equity interest in AmCell Inc. ("AmCell"), a U.S. company which plans to manufacture cell selection and characterization devices based on the technology of Miltenyi Biotec GmbH. Amgen and AmCell entered into an agreement whereby AmCell has the right to manufacture certain cell selection devices for Amgen, and Amgen has the right to clinically develop and commercialize these devices (see "Joint Ventures and Business Relationships - AmCell Inc."). Amgen conducted clinical trials in cell selection in Europe in 1996. The development of future clinical strategies is ongoing.

Joint Ventures and Business Relationships

The Company intends to self-market its products where possible. From time to time it may supplement this effort by using joint ventures and other business relationships to provide additional marketing and product development capabilities. The Company also supplements its internal research and development efforts with acquisitions of product and technology rights and external research collaborations. Amgen has established the relationships described below and may establish others in the future.

F. Hoffmann-La Roche Ltd.

Amgen and Roche entered into a co-promotion agreement in 1988 for the sale of NEUPOGEN(R) (Filgrastim) in the EU. Under this agreement, Amgen and Roche share the clinical development, regulatory and commercialization responsibilities for the product. Amgen manufactures NEUPOGEN(R), and the two companies share in the profits from sales of NEUPOGEN(R) in the EU. This agreement allowed Amgen the option to regain complete control for marketing the product. The Company exercised this option and has informed Roche that it intends to assume complete distribution responsibilities beginning in 1998.

In 1989, Amgen and Roche entered into another agreement to commercialize NEUPOGEN(R) in certain European countries not located within the EU. Under this agreement, Roche markets NEUPOGEN(R) in these countries and pays a royalty to Amgen on these sales.

Johnson & Johnson

Amgen granted Johnson & Johnson a license to pursue commercialization of recombinant human erythropoietin as a human therapeutic in the United States in all markets other than dialysis and diagnostics. The Company is engaged in arbitration proceedings regarding this agreement. For a complete discussion of this matter, see Note 4 to the Consolidated Financial Statements - "Johnson & Johnson arbitrations". In countries other than the United States (except as described above), the People's Republic of China and Japan, Johnson & Johnson was granted rights to pursue the commercialization of erythropoietin as a human therapeutic under a licensing agreement with Kirin-Amgen.

Kirin Brewery Company, Limited

The Company has a 50-50 joint venture (Kirin-Amgen) with Kirin. Kirin-Amgen was formed in 1984 to develop and commercialize certain of the Company's technologies. Amgen and Kirin have been exclusively licensed by Kirin-Amgen to manufacture and market recombinant human erythropoietin in the United States and Japan, respectively. Kirin-Amgen has also granted Amgen an exclusive license to manufacture and market G-CSF in the United States, Europe, Canada, Australia and New Zealand. Kirin has been licensed by Kirin-Amgen with similar rights for G-CSF in Japan, Taiwan and Korea. Kirin markets recombinant human granulocyte colony-stimulating factor and recombinant human erythropoietin in the People's Republic of China under a separate agreements.

In 1994, Kirin-Amgen licensed to Amgen and Kirin the rights to develop and market MGDF, and in 1996, to develop and market NESP. Amgen has been granted an exclusive license from Kirin-Amgen to manufacture and market these two product candidates in the United States, the EC countries, Canada, Australia, Mexico and New Zealand. In addition, for NESP, Amgen's license extends to certain Central and South American countries. Kirin has been licensed by Kirin-Amgen with similar rights for these two product candidates in Japan, the People's Republic of China, Taiwan, Korea and certain other countries in Southeast Asia.

Pursuant to the terms of agreements entered into with Kirin-Amgen, the Company conducts certain research and development activities on behalf of Kirin-Amgen and is paid for such services at a negotiated rate. Included in revenues from corporate partners in the Company's Consolidated Financial Statements for the years ended December 31, 1996, 1995 and 1994, are $79.9 million, $72.6 million and $58.6 million, respectively, related to these agreements.

In connection with its various agreements with Kirin-Amgen, the Company has been granted sole and exclusive licenses for the manufacture and sale of certain products in specified geographic areas of the world. In return for such licenses, the Company paid Kirin-Amgen stated amounts upon the receipt of the licenses and/or

pays Kirin-Amgen royalties based on sales. During the years ended December 31, 1996, 1995 and 1994, Kirin-Amgen earned royalties from Amgen of $86.2 million, $74.2 million and $67.5 million, respectively, under such agreements.

Yamanouchi Pharmaceutical Co., Ltd.

In June 1996, Amgen licensed to Yamanouchi Pharmaceutical Co., Ltd. ("Yamanouchi") of Tokyo, Japan the rights to develop, manufacture and commercialize a potential product for the treatment of hepatitis C and any additional indications around the world except in the United States and Canada. Amgen will market the potential product in these countries. Amgen earned $15 million on signing, will earn additional amounts if certain milestones are achieved by Yamanouchi and will receive royalties on sales. Yamanouchi has granted to Amgen K.K., the Company's Japanese subsidiary, certain co-development and co-promotion/co-marketing rights in Japan and has granted to Amgen Greater China, Ltd., Amgen's subsidiary in Hong Kong, certain co-development and co-promotion rights in China, Hong Kong and Taiwan.

Regeneron Pharmaceuticals, Inc.

In 1990, the Company entered into a collaboration agreement with Regeneron to co-develop and commercialize BDNF and NT-3 in the United States. In addition, Regeneron licensed these potential products to Amgen for development in certain other countries. To facilitate this collaboration, the Company and Regeneron formed Amgen-Regeneron Partners, a 50-50 partnership. Amgen-Regeneron Partners commenced operations with respect to BDNF and NT-3 in June 1993 and January 1994, respectively.

AmCell Inc.

During 1994, Amgen acquired an equity interest in AmCell, a company which plans to manufacture cell selection and characterization devices based on the technology of Miltenyi Biotec GmbH ("Miltenyi"). Amgen has an exclusive license to clinically develop and commercialize selected products of AmCell incorporating Miltenyi technology in exchange for development funding and milestone payments.

Synergen Clinical Partners

Synergen Clinical Partners, L.P. ("SCP"), a limited partnership, was formed to fund development and commercialization of IL-1ra in certain geographic areas. The general partner of SCP was a wholly-owned subsidiary of Synergen and is now a wholly-owned subsidiary of the Company. This wholly-owned subsidiary would be obligated to pay SCP royalties on sales of such products and a milestone payment upon receiving the first FDA marketing approval of an IL-1ra product. In connection with the formation of SCP, Synergen was granted options to purchase all of the limited partners' interests in SCP upon the occurrence of certain future events for a specified amount of consideration. See Item 3. Legal Proceedings - "Synergen ANTRIL(TM) litigation".

Other business relationships

In 1995, the Company obtained an exclusive license from The Rockefeller University which allows the Company to develop products based on the obesity gene. Amgen made a $20 million payment upon signing the agreement and will make payments for milestones and royalties on sales of any resulting products. The Company also entered into an agreement with NPS Pharmaceuticals, Inc. for Amgen to develop and commercialize calcimimetic small molecules based on NPS's proprietary technology. Under this agreement, Amgen made a $10 million signing payment and will make milestone payments and royalty payments on sales of any resulting products. In addition to these agreements, the Company has an extensive number of other corporate and academic research collaborations.

Marketing

In the United States, the Company's sales force markets its products to physicians and pharmacists primarily in hospitals, dialysis centers and clinics. The Company has chosen to use major wholesale distributors of pharmaceutical products as the principal means of distributing EPOGEN(R) (Epoetin alfa) and NEUPOGEN(R) (Filgrastim) to clinics, hospitals and pharmacies. Sales to Bergen Brunswig Corporation and Cardinal Distribution, two major distributors of these products, accounted for 24% and 14%, 21% and 15%, and 22% and 16% respectively, of total revenues for the years ended December 31, 1996, 1995 and 1994, respectively.

NEUPOGEN(R) is reimbursed by both public and private payors, and changes in coverage and reimbursement policies of these payors could have a material adverse effect on sales of NEUPOGEN(R). EPOGEN(R) is primarily reimbursed by the Federal Government through the End Stage Renal Disease Program ("ESRD Program") of Medicare. The ESRD Program reimburses approved providers for 80% of allowed dialysis costs; the remainder is paid by other sources, including Medicaid, private insurance, and to a lesser extent, state kidney patient programs. The reimbursement rate is established by Congress and is monitored by the Health Care Financing Administration. The reimbursement rate for EPOGEN(R) is subject to yearly review. Changes in coverage and reimbursement policies could have a material adverse effect on EPOGEN(R) sales.

Except for purchases pursuant to a contract with the Department of Veterans Affairs, including purchases by Veterans Administration hospitals and the Department of Defense, the Company does not receive any payments directly from the Federal Government, nor does it have any significant supply contracts with the Federal Government. However, the use of NEUPOGEN(R) and EPOGEN(R) by hospitals, clinics, and physicians may be impacted by the amount and methods of reimbursement that they receive from the Federal Government.

In the EU, Amgen and Roche share clinical development, regulatory and commercialization responsibilities for NEUPOGEN(R) under a co-promotion agreement (See "Joint Ventures and Business Relationships - F. Hoffmann-La Roche Ltd."). In addition, Amgen manufactures NEUPOGEN(R) for sale in the EU, and the two companies

share in the profits from sales of the product. NEUPOGEN(R) is distributed to wholesalers and/or hospitals in all EU countries depending upon the distribution practice of hospital products in each country. Patients receiving NEUPOGEN(R) for approved indications are covered by government health care programs. The consumption of NEUPOGEN(R) is affected by government budget issues and cost controls in the EU countries, and to a lesser extent, competition.

NEUPOGEN(R) sales volumes in both the United States and Europe are influenced by a number of factors including underlying demand and wholesaler inventory management practices. Wholesaler inventory reductions tend to reduce domestic NEUPOGEN(R) sales in the first quarter of each year. In addition, the discretionary aspects of some cancer chemotherapy administration has had a slight seasonal effect on NEUPOGEN(R) sales.

In Canada and Australia, NEUPOGEN(R) is marketed by the Company directly to hospitals, pharmacies and medical practitioners. Distribution is handled by third party contractors.

Competition

Competition is intense among companies that develop and market products based on advances in cellular and molecular biology. For products which the Company manufactures and markets, it faces significant competition from biotechnology and pharmaceutical firms in the United States, Europe and elsewhere, some of which have greater resources than the Company. Certain specialized biotechnology firms have also entered into cooperative arrangements with major companies for development and commercialization of products, creating an additional source of competition.

Any products or technologies that successfully address anemias could negatively impact the market for recombinant human erythropoietin. Similarly, any products or technologies that successfully address the causes or incidence of low levels of neutrophils could negatively impact the market for G-CSF. These include products that could receive approval for indications similar to those for which NEUPOGEN(R) (Filgrastim) has been approved, development of chemotherapy treatments that are less myelosuppressive than existing treatments and the development of anti-cancer modalities that reduce the need for myelosuppressive chemotherapy.

NEUPOGEN(R) currently faces market competition from a competing CSF product, granulocyte macrophage colony-stimulating factor ("GM-CSF") and from the chemoprotectant, amifostine (WR-2721). Potential future sources of competition include other GM-CSF products, PGG-glucan, FLT-3 ligand and IL-11, among others.

Chugai Pharmaceuticals Co., Ltd. ("Chugai") markets a G-CSF product in Japan as an adjunct to chemotherapy and as a treatment for bone marrow transplant patients. In early 1994, Chugai and Rhone-Poulenc Rorer Inc. began marketing a G-CSF product in certain EU countries as an adjunct to chemotherapy and as a treatment in bone marrow transplant settings. Chugai, through its licensee, AMRAD, markets this G-CSF product in Australia as an adjunct to chemotherapy

and as a treatment for patients receiving bone marrow transplants. Under an agreement with Amgen, Chugai is precluded from selling its G-CSF product in the United States, Canada and Mexico.

Immunex Corp. markets two formulations of GM-CSF in the United States for bone marrow transplant and PBPC transplant patients and as an adjunct to chemotherapy treatments for acute non-lymphocytic leukemia ("ANLL") and AML. Immunex Corp. is also pursuing other indications for its GM-CSF product including use in treating HIV-infected patients, other infectious diseases and as an adjunct to chemotherapy outside the limited setting of ANLL. Behringwerke AG markets this GM-CSF product in Europe in similar settings. Novartis (Sandoz Ltd.) markets another GM-CSF product for use in bone marrow transplant patients, as an adjunct to chemotherapy and as an adjunct to gancyclovir treatment of HIV-infected patients in the EU and certain other countries. This GM-CSF product is currently being developed for similar indications in the United States and Canada.

Alpha Beta Technologies is developing PGG-glucan in the United States for the treatment of certain infectious diseases, as an adjunct to chemotherapy and for use in PBPC transplantation.

Other products which address potential markets for G-CSF may be identified and developed by competitors in the future. Such products could also present competition in potential markets for SCF. Research and development of other hematopoietic growth factors, including those that may compete with MGDF, is being conducted by several companies including Genentech, Inc., Immunex Corp., Novartis (Sandoz Ltd.) and Genetics Institute, Inc.

Although not approved or promoted for use in the United States, the Company believes that approximately 20% of its domestic NEUPOGEN(R) sales are from off-label use as supportive therapy for various AIDS-related treatments. Changes in AIDS treatments, including therapies that may be less myelosuppressive, may affect such sales.

INFERGEN(R) will face competition from interferons and other related products, several of which are in development or on the market. Schering-Plough Corp. and Roche are major suppliers of interferons. Interferon Sciences could be a potential competitor in this arena. (See "Item 3. Legal Proceedings - Consensus interferon litigation").

Several companies are developing neurotrophic factors including Cephalon Inc., Genentech, Inc. and Regeneron.

Many companies currently market or are believed to be developing obesity treatments. Wyeth Ayerst (American Hospital Products) currently has the greatest market share in obesity treatments with Redux (co-developed and marketed with Interneuron) and Pondimen. Other potential competitors include Millennium Pharmaceuticals, Inc. (in collaboration with Roche), Progenitor Inc. (a subsidiary of Interneuron Pharmaceuticals Inc.), Neurogen Inc. (in collaboration with Pfizer), Bristol Myers Squibb, Novartis, Eli Lilly and Merck.

Knoll/BASF and Roche are expected to launch new therapeutics for obesity in the next few years.

Calcimimetic small molecules would face competition from a product currently marketed by Abbott Laboratories which treats secondary HPT. In addition, other products to treat primary and secondary HPT are currently being developed by Abbott Laboratories, Lunar, GelTex, and Chugai.

The Company faces competition from a number of companies in the inflammation disease arena, particularly for rheumatoid arthritis treatments. Current anti-arthritic treatments include generic methotrexate and other products marketed by Sanofi-Winthrop and Novartis (Sandoz Ltd.). In addition, a number of companies have cytokine inhibitors in development including Immunex Corp., Centocor, Inc. and Roche.

Companies believed to be developing certain tissue growth factors include Creative Biomolecules, Inc., Chiron Corp. (in collaboration with Johnson & Johnson), Genentech, Inc., Immunex Corp., Scios Nova Inc. and ZymoGenetics, Inc.

The Company faces competition from several companies in the development and utilization of cell selection and characterization devices. Companies involved in the development of these devices and ex-vivo cell expansion with growth factors are Baxter, Cellpro, Rhone Poulenc Rorer Inc./Applied Immune Sciences, Systemix in collaboration with Novartis (Sandoz Ltd.) and Aastrom Biosciences Inc. in collaboration with COBE BCT.

Research and Development

The Company's two primary sources of new product candidates are internal research and development and acquisition and licensing from third parties. Research and development expense, which includes technology license fees paid to third parties, for the years ended December 31, 1996, 1995 and 1994 were $528.3 million, $451.7 million and $323.6 million, respectively. The amount for the year ended December 31, 1994 excludes a $116.4 million write-off of in-process technology purchased in connection with the acquisition of Synergen. See Note 1 to the Consolidated Financial Statements - "Research and development costs".

Government Regulation

Regulation by governmental authorities in the United States and other countries is a significant factor in the production and marketing of the Company's products and its ongoing research and development activities. In order to clinically test, manufacture and market products for therapeutic use, Amgen must satisfy mandatory procedures and safety standards established by various regulatory bodies.

In the United States, the Company's products and product candidates are regulated primarily on a product by product basis under federal law and are subject to rigorous FDA approval procedures. After purification, laboratory analysis and testing in animals, an investigational new drug application is filed with the FDA to begin human testing. A three-phase human clinical testing program must then be undertaken. In Phase 1, studies are conducted to determine the safety and optimal dosage for administration of the product. In Phase 2, studies are conducted to gain preliminary evidence of the efficacy of the product. In Phase 3, studies are conducted to provide sufficient data for the statistical proof of safety and efficacy. The time and expense required to perform this clinical testing can far exceed the time and expense of the research and development initially required to create the product. No action can be taken to market any therapeutic product in the United States until an appropriate license application has been cleared by the FDA. Even after initial FDA clearance has been obtained, further studies are required to provide additional data on safety and would be required to gain clearance for the use of a product as a treatment for clinical indications other than those initially approved. In addition, use of products during testing and after initial marketing could reveal side effects that could delay, impede or prevent marketing approval, limit uses or expose the Company to product liability claims.

In addition to human clinical testing, the FDA inspects equipment and facilities prior to providing clearance to market a product. If, after receiving clearance from the FDA, a material change is made in manufacturing equipment, location or process, additional regulatory review may be needed.

In the EU countries, Canada and Australia, regulatory requirements and approval processes are similar in principle to those in the United States.

Amgen's research and manufacturing activities are conducted in voluntary compliance with the National Institutes of Health Guidelines for Recombinant DNA Research. The Company's present and future business has been and will continue to be subject to various other laws and regulations, including environmental laws and regulations.

Patents and Trademarks

Patents are very important to the Company in establishing proprietary rights to the products it has developed. The Company has filed applications for a number of patents and it has been granted patents relating to recombinant human erythropoietin, G-CSF, consensus interferon and various potential products. The Company has obtained licenses from and pays royalties to third parties. Other companies have filed patent applications or have been granted patents in areas of interest to the Company. There can be no assurance any licenses required under such patents would be available for license on reasonable terms or at all. The Company is engaged in arbitration proceedings with Johnson & Johnson and various patent litigation. For a discussion of these matters see Note 4 to the Consolidated Financial Statements - "Johnson & Johnson arbitrations" and Item 3, "Legal Proceedings".

The Company has obtained U.S. registration of its EPOGEN(R), NEUPOGEN(R) and INFERGEN(R) trademarks. In addition, these trademarks have been registered in several other countries. Amgen's trademark for its stem cell factor product is STEMGEN(TM).

Human Resources

As of December 31, 1996, the Company had 4,646 employees of which 2,527 were engaged in research and development and 878 were engaged in sales and marketing, and 1,241 were engaged in other areas. There can be no assurance that the Company will be able to continue attracting and retaining qualified personnel in sufficient numbers to meet its needs. None of the Company's employees are covered by a collective bargaining agreement, and the Company has experienced no work stoppages. The Company considers its employee relations to be excellent.

Executive Officers of the Registrant

The executive officers of the Company, their ages as of February 28, 1997 and positions are as follows:

Mr. Gordon M. Binder, age 61, has served as a director of the Company since October 1988. He joined the Company in 1982 as Vice President-Finance and was named Senior Vice President-Finance in February 1986. In October 1988, Mr. Binder was elected Chief Executive Officer. In July 1990, Mr. Binder became Chairman of the Board.

Dr. N. Kirby Alton, age 46, became Senior Vice President, Development, in August 1992, having served as Vice President, Therapeutic Product Development, Responsible Head, from October 1988 to August 1992. Dr. Alton previously served as Director, Therapeutic Product Development, from February 1986 to October 1988.

Dr. Bruce W. Altrock, age 49, became Vice President , Research, in October 1996, having served as Vice President, Biology and Biochemistry, since October 1988. Dr. Altrock previously had served as Director, Biology and Biochemistry, since 1985.

Mr. Robert S. Attiyeh, age 62, has served as Senior Vice President, Finance and Corporate Development, since joining the Company in July 1994. Prior to joining the Company, Mr. Attiyeh served as a director of McKinsey & Company, a consulting firm, in its Los Angeles, Japan and Scandinavian offices from 1967 to 1994.

Mr. Stanley M. Benson. age 45, has served as Senior Vice President, Sales and Marketing, since joining the Company in June 1995. Prior to joining the Company, Mr. Benson held a number of executive management positions at Pfizer Inc., a pharmaceutical company, from 1987 to 1995.

Dr. Dennis M. Fenton, age 45, became Senior Vice President, Operations, in January 1995, having served as Senior Vice President, Sales and Marketing, since August 1992, and having served as Vice President, Process Development, Facilities and Manufacturing Services, from July 1991 to August 1992. Dr. Fenton previously had served as Vice President, Pilot Plant Operations and Clinical Manufacturing, from October 1988 to July 1991, and as Director, Pilot Plant Operations, from 1985 to October 1988.

Mr. Daryl D. Hill, age 51, became Senior Vice President, Quality and Compliance, in January 1997, having served as Senior Vice President, Asia Pacific, from January 1994 to January 1997. Mr. Hill previously had served as Vice President, Quality Assurance, from October 1988 to January 1994, and as Director of Quality Assurance from January 1984 to October 1988.

Mr. Larry A. May, age 47, became Vice President, Corporate Controller and Chief Accounting Officer in October 1991, having served as Corporate Controller and Chief Accounting Officer from October 1988 to October 1991, and as Controller from January 1983 to October 1988.

Mr. Kevin W. Sharer, age 48, has served as a director of the Company since November 1992. He also has served as President and Chief Operating Officer since October 1992. Prior to joining the Company, Mr. Sharer served as President of the Business Markets Division of MCI Communications Corporation, a telecommunications company, from April 1989 to October 1992, and served in numerous executive capacities at General Electric Company from February 1984 to March 1989. Mr. Sharer also serves as a director of Geotek Communications, Inc.

Mr. George A. Vandeman, age 57, has served as Senior Vice President, General Counsel and Secretary since joining the Company in June 1995. Prior to joining the Company, Mr. Vandeman was a partner of Latham & Watkins, an international law firm, from June 1966 to July 1995.

Geographic Area Financial Information

For financial information concerning the geographic areas in which the Company operates see Note 11 to the Consolidated Financial Statements.

Item 2. PROPERTIES

Amgen's principal executive offices and a majority of its administrative, manufacturing and research and development facilities are located in 35 buildings in Thousand Oaks, California. Thirty of the buildings are owned and five are leased. Adjacent to these facilities are five buildings that are under construction and other property acquired in anticipation of future expansion. The Thousand Oaks, California facilities include manufacturing plants licensed by various regulatory bodies that produce commercial quantities of Epoetin alfa and NEUPOGEN(R) (Filgrastim).

Elsewhere in North America, Amgen owns nine buildings in Boulder, Colorado housing research facilities and a pilot plant. The Company is building a new EPOGEN(R) manufacturing plant in Longmont, Colorado, on a site which can accommodate additional manufacturing capacity for new products. The Company owns a distribution center in Louisville, Kentucky and leases a research facility and administrative offices in Toronto, Canada, an administrative office in Washington, D.C. and five regional sales offices in the U.S.

Outside North America, the Company has a formulation, fill-and-finish facility in Juncos, Puerto Rico which has been licensed by various regulatory bodies. The Company leases facilities in thirteen European countries, Australia, Japan, Hong Kong and the People's Republic of China for administration, marketing and research and development. In addition, the Company has started construction of a European distribution center in Breda, the Netherlands.

Amgen believes that its current facilities plus anticipated additions are sufficient to meet its needs for the next several years.

Item 3. LEGAL PROCEEDINGS

The Company is engaged in arbitration proceedings with one of its licensees. For a complete discussion of this matter see Note 4 to the Consolidated Financial Statements - "Johnson & Johnson arbitrations". Other legal proceedings are discussed below. While it is impossible to predict accurately or to determine the eventual outcome of these matters, except with respect to the False Claims Act matter, the Company believes that the outcome of these proceedings will not have a material adverse effect on the financial statements of the Company.

Synergen ANTRIL(TM) litigation

Lawsuits have been filed against Synergen, Inc. (now Amgen Boulder Inc.) alleging misrepresentations in connection with its research and development of ANTRIL(TM) for the treatment of sepsis.

In Johnson v. Amgen Boulder Inc., et al., suits filed on February 14, 1995 in the Superior Court for the State of Washington, King County (the "Superior Court") and in the United States District Court for the Western District of Washington, plaintiff seeks rescission of certain payments made to one of the defendants (or unspecified compensatory damages not less than $52.0 million) and treble damages. The Superior Court action has been removed to federal court and consolidated with the suit filed in the United States District Court for the Western District of Washington. Plaintiff, a limited partner of defendant Synergen Clinical Partners, L.P. (the "Partnership"), represents a class of other limited partners. The complaints allege violations of federal and state securities laws, violations of other federal and state statutes, fraud, misrepresentation and breach of fiduciary duty. The defendants include Synergen, the Partnership, Synergen Development Corporation and former officers and directors of Synergen. The lawsuit has been certified as a class action lawsuit. On June 25, 1996, the plaintiff in this suit also filed a second amended complaint alleging violations of federal securities laws. Amgen Inc. has answered the complaint and the second amended complaint, denying plaintiffs' claims and asserting various affirmative defenses. In August and September 1996 the parties filed cross motions for summary judgment. The Court heard argument on November 1, 1996. Since then, the parties' representatives have reached a tentative settlement agreement which is subject to final approval by the Court and the approval of the limited partners of the Partnership. Under its terms, the plaintiffs, who include present limited partners of the Partnership, will receive $14.5 million in exchange for the transfer of ownership of their units; the suit will be dismissed with prejudice and the parties will exchange mutual releases.

Susquehanna Investment Group, et al. v. Amgen Boulder, Inc., et al., was filed in the United States District Court in Denver, Colorado against Synergen and certain of its former officers and directors. The suit, filed on May 19, 1995, has been brought by broker-dealers who acted as market makers in Synergen options. The plaintiffs claim in excess of $3.2 million in trading losses on option positions as the result of alleged misrepresentations.

On August 6, 1996, the District Court for the State of Colorado dismissed one of these lawsuits without prejudice for failure to prosecute an action brought by three Synergen stockholders that alleged violations of state securities laws, fraud and misrepresentation and sought an unspecified amount to compensatory damages and punitive damages.

Elanex Pharmaceuticals litigation

In October 1993, the Company filed a complaint for patent infringement against defendants Elanex Pharmaceuticals, Inc. ("Elanex"), Laboratorios Elanex De Costa Rica, S.A., Bio Sidus S.A., Merckle GmbH, Biosintetica S.A. and other unknown defendants. The complaint, filed in the United States District Court for the Western District of Washington in Seattle, seeks injunctive relief and damages for Elanex's infringement of the Company's patent for DNA sequences and host cells useful in producing recombinant erythropoietin. The complaint also alleges that the foreign defendants entered into agreements with Elanex relating to the production or sale of recombinant erythropoietin and thereby have induced Elanex's infringement.

In December 1993, Elanex responded to the complaint denying the material allegations thereof, and filed a counterclaim seeking a declaratory judgment that the Company's patent is invalid and that Elanex's recombinant erythropoietin technology does not infringe any valid claims of the Company's patent. The counterclaim also seeks an award of reasonable attorneys' fees and other costs of defense but does not seek damages against the Company. The case is currently in discovery. In February 1996, Merckle GmbH was dismissed from the case.

Genetics Institute litigation

On June 21, 1994, Genetics Institute filed suit in the United States District Court for the District of Delaware in Wilmington, against Johnson & Johnson, a licensee and distributor of the Company, seeking damages for the alleged infringement of a recently issued U.S. Patent 5,322,837 relating to Johnson & Johnson's manufacture, use, and sale of erythropoietin.

On September 12, 1994, the Company filed suit in the United States District Court for the District of Massachusetts in Boston, against Genetics Institute, seeking declaratory judgment of patent non-infringement, invalidity and unenforceability against Genetics Institute in respect to U. S. Patent 5,322,837 issued to Genetics Institute, which relates to homogeneous erythropoietin. Genetics Institute answered the complaint and filed a counterclaim against the Company alleging infringement of the same patent. On February 14, 1995, the United States District Court for the District of Massachusetts granted Amgen's motion for a summary judgment enforcing a prior judgment against Genetics Institute and barring Genetics Institute from asserting its U. S. Patent 5,322,837 against Amgen's recombinant erythropoietin. On March 13, 1995, Genetics Institute filed notice of appeal with the United States Court of Appeals for the Federal Circuit. On October 25, 1996, the Federal Circuit affirmed the District Court's ruling that Genetics Institute could not assert the U.S. Patent 5,322,837 patent claim against Amgen's recombinant erythropoietin. The Federal Circuit denied Genetics Institute's request for a rehearing on January 3, 1997.

Biogen litigation

On March 10, 1995, Biogen Inc. ("Biogen"), filed suit in the United States District Court for the District of Massachusetts alleging infringement by the Company of certain claims of U.S. Patent 4,874,702 (the "`702 Patent"), relating to vectors for expressing cloned genes. Biogen alleges that Amgen has infringed its patent by manufacturing and selling NEUPOGEN(R). On March 28, 1995, Biogen filed an amended complaint further alleging that the Company is also infringing the claims of two additional patents allegedly assigned to Biogen, U.S. Patent 5,401,642 and U.S. Patent No. 5,401,658, relating to vectors, methods for making vectors and expressing cloned genes. The amended complaint seeks injunctive relief, unspecified compensatory damages and treble damages. On April 24, 1995, the Company answered Biogen's amended complaint, denying its material allegations and pleading counterclaims for declaratory judgment of non-infringement, patent invalidity and unenforceability. On January 19, 1996, the Court decided, upon Biogen's motion to dismiss certain of Amgen's counterclaims, that it will exert jurisdiction over claims 9 and 17 of the `702 Patent, and dismissed all claims and counterclaims relating to any other claims of the `702 Patent. Amgen has moved for summary judgment of invalidity of claim 9 of the `702 Patent. This matter was heard on February 6, 1997. Discovery is ongoing.

Consensus interferon litigation

On June 15, 1994, Biogen filed suit in the Tokyo District Court in Japan, against Amgen K.K., a subsidiary of the Company, seeking injunctive relief for the alleged infringement of two Japanese patents relating to alpha-interferon by the clinical use of INFERGEN(R), the Company's consensus interferon product. Amgen K.K. has answered the complaint and has denied the allegations of infringement. The case is ongoing.

On December 20, 1995, Roche Holding A.G., parent corporation of F. Hoffmann-La Roche and Company, filed suit in the Tokyo District Court in Japan, against Amgen K.K., a subsidiary of the Company, seeking injunctive relief for the alleged infringement of a patent relating to alpha-interferon by the clinical use of INFERGEN(R), the Company's consensus interferon product. The Company subsequently answered the complaint, denying allegations of infringement.

On December 3, 1996, Schering Corporation filed suit in the U.S. District Court for the District of Delaware against the Company alleging infringement of U.S. Patent No. 4,530,901 (the "`901 Patent") by the manufacture and use of the Company's consensus interferon product, INFERGEN(R). The complaint seeks unspecified damages and injunctive relief. The Company filed a motion to dismiss the action on January 24, 1997. On January 22, 1997, the Company filed an action for declaratory relief in the United States District Court for the Central District of California in Los Angeles naming Biogen Inc. and Schering Corporation as parties. The action seeks a declaration that the `901 Patent is not infringed by the Company's use of INFERGEN(R) and/or that the `901 Patent is invalid.

Genentech litigation

On October 16, 1996, Genentech, Inc. ("Genentech") filed suit in the United States District Court for the Northern District of California seeking an unspecified amount of compensatory damages, treble damages and injunctive relief on its U.S. Patents 4,704,362, 5,221,619 and 4,342,832 (the "`362, `619 and `832 Patents"), relating to vectors for expressing cloned genes and the methods for such expression. Genentech alleges that Amgen has infringed its patents by manufacturing and selling NEUPOGEN(R). On December 2, 1996, Amgen was served with this lawsuit. On January 21, 1997, the Company answered the complaint and asserted counterclaims relating to invalidity and non-infringement of the patents-in-suit. On February 10, 1997, Genentech served Amgen with a reply to the counterclaim and an additional counterclaim asserting U.S. Patent 5,583,013, issued December 10, 1996, seeking relief similar to that sought for the `362, `619 and `832 Patents.

Foxmeyer Health Corporation

On January 10, 1997, FoxMeyer Health Corporation ("FMHC") filed suit in the District Court of Dallas County, Dallas, Texas, alleging that defendant McKesson Corporation defrauded FMHC, misused confidential information received from FMHC about subsidiaries of FMHC (FoxMeyer Corporation and FoxMeyer Drug Corporation, collectively the "FoxMeyer Subsidiaries"), and attempted to monopolize the market for pharmaceutical and health care product distribution by attempting to injure or destroy the FoxMeyer Subsidiaries. The Company is named as one of twelve "Manufacturer Defendants" alleged to have conspired with McKesson Corporation in doing, among other things, the above and (i) inducing FMHC to refrain from seeking other suitable purchasers for the FoxMeyer Subsidiaries and (ii) causing FMHC to believe that McKesson Corporation was serious about purchasing FMHC's assets at fair value, when, in fact, McKesson Corporation was not. The Manufacturer Defendants and McKesson Corporation are also alleged to have intentionally and tortiously interfered with a number of business expectancies and opportunities. The complaint seeks from the Manufacturer Defendants and McKesson Corporation compensatory damages of at least $400 million and punitive damages in an unspecified amount, as well as FMHC's costs and attorney's fees. On January 31, 1997, the Company filed an answer denying FMHC's allegations. On February 4, 1997, a notice of removal was filed in the Federal District Court for Dallas, Texas (the "District Court"), which was referred by the District Court to the Federal Bankruptcy Court in Dallas, Texas. Subsequently, on February 7, 1997, a motion to transfer venue was filed in the Federal Bankruptcy Court in Dallas, Texas, requesting that this matter be transferred to the Federal Bankruptcy Court in Delaware, where the FoxMeyer Subsidiaries' Chapter XI bankruptcy action is pending. The Company is a creditor in such bankruptcy proceeding.

False Claims Act matter

Amgen has been advised that it and certain purchasers of its products have been named as defendants in a civil lawsuit initiated by a former employee of Amgen in the United States District Court for the Eastern District of Pennsylvania. This suit was filed under the qui tam provisions of the Federal False Claims Act (the "Act") which permit an individual to bring suit in the name of the United States and share in any recovery. The suit alleges, among other things, that Amgen individually and in conspiracy with some of its customers violated the Act as a result of certain of its sales and reporting practices relating to its products. Under the law, the government must investigate the allegations and determine whether it wishes to intervene and take responsibility for the lawsuit. The lawsuit will remain under seal until the government completes its investigation and determines whether to intervene. However, permission from the Court has been obtained by Amgen to make the disclosures contained herein. The Complaint seeks an order requiring Amgen to cease and desist from such allegedly improper practices, as well as treble damages in an unspecified amount plus a civil penalty of not less than $5,000 and not more than $10,000 for each alleged violation of the Act. If the government does not intervene, the plaintiff has the right to continue to pursue the claim on the government's behalf. Amgen is fully cooperating with the government's investigation and is engaged in ongoing discussions with it regarding the allegations. Amgen has advised the government that it disputes and will vigorously contest the allegations in the Complaint. Although it is too early in this action for Amgen to fully assess this matter or reliably predict its outcome, an unfavorable result in this matter could have a material adverse effect on the Company's results of operations in that period.

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of the Company's security holders during the last quarter of its fiscal year ended December 31, 1996.

PART II

Item 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Price Range of Common Stock

The Company's common stock trades on The Nasdaq Stock Market under the symbol AMGN. As of March 13, 1997, there were approximately 14,000 holders of record of the Company's common stock. No cash dividends have been paid on the common stock to date, and the Company currently intends to retain any earnings for development of the Company's business and for repurchases of its common stock.

The following table sets forth, for the fiscal periods indicated, the range of high and low closing sales prices of the common stock as quoted on The Nasdaq Stock Market for the years 1996 and 1995:

	High	Low
1996		
4th Quarter	$64	$54-3/8
3rd Quarter	63-3/8	51-1/2
2nd Quarter	61	52-3/8
1st Quarter	65-1/2	52-3/4
1995		
4th Quarter	$59-3/8	$43-1/2
3rd Quarter	52	39-1/4
2nd Quarter	40-7/32	33-1/16
1st Quarter	35-3/8	28-1/4

Recent Sales of Unregistered Securities

In connection with the Company's stock repurchase program, Amgen sold put warrants on its common stock (see Note 6 to the Consolidated Financial Statements - "Stock repurchase program"). Each put warrant entitles the holder to sell one share of Amgen Inc. common stock to the Company at a specified price on its maturity date. During 1996, the Company sold 2.7 million put warrants for $10.8 million in six separate transactions to Goldman Sachs and Co. The put warrants had terms ranging from approximately eight to eleven months and exercise prices ranging from $52.00 to $58.80 per share.

The Company believes that the sales of these securities were exempt from registration under the Securities Act of 1933, as amended, pursuant to Section 4(2) thereof.

Item 6. SELECTED FINANCIAL DATA (in millions, except per share data)

	Years Ended December 31,				
	1992	1993	1994	1995	1996
Consolidated Statement of Operations Data:					
Revenues:					
Product sales	$1,050.7	$1,306.3	$1,549.6	$1,818.6	$2,088.2
Other revenues	42.3	67.5	98.3	121.3	151.6
Total revenues	1,093.0	1,373.8	1,647.9	1,939.9	2,239.8
Research and development expenses	182.3	255.3	323.6	451.7	528.3
Write-off of in-process technology purchased	-	-	116.4	-	-
Marketing and selling expenses	184.5	214.1	236.9	272.9	310.1
General and administrative expenses	107.7	114.3	122.9	145.5	160.5
Legal award	(77.1)	(13.9)	-	-	-
Net income(1)	357.6	383.3	319.7	537.7	679.8
Primary earnings per share(1)	1.21	1.33	1.14	1.92	2.42
Cash dividends declared per share	-	-	-	-	-

	At December 31,				
	1992	1993	1994	1995	1996
Consolidated Balance Sheet Data:					
Total assets	$1,374.3	$1,765.5	$1,994.1	$2,432.8	$2,765.6
Long-term debt	129.9	181.2	183.4	177.2	59.0
Stockholders' equity	933.7	1,172.0	1,274.3	1,671.8	1,906.3

(1) Includes an increase to net income of $8.7 million, or $.03 per share, to reflect the cumulative effect of a change in accounting principle to adopt Statement of Financial Accounting Standards No. 109 in 1993. Also includes the write-off of in-process technology purchased of $116.4 million, or $.42 per share, associated with the acquisition of Synergen in 1994 (see Note 1 to Consolidated Financial Statements).

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

Liquidity and Capital Resources

Cash provided by operating activities has been and is expected to continue to be the Company's primary source of funds. In 1996, operations provided $822.6 million of cash compared with $773.2 million in 1995. The Company had cash, cash equivalents and marketable securities of $1,077 million at December 31, 1996, compared with $1,050.3 million at December 31, 1995.

Capital expenditures totaled $266.9 million in 1996 compared with $162.7 million in 1995. Over the next few years, the Company expects to spend approximately $350 million per year on capital projects and equipment to expand the Company's global operations.

In April 1996, the Company invested $48 million in a corporate partner, Regeneron Pharmaceuticals, Inc., to acquire 3 million shares of common stock along with warrants to purchase an additional 0.7 million shares.

The Company receives cash from the exercise of employee stock options. In 1996, stock options and their related tax benefits provided $162.1 million of cash compared with $145.5 million in 1995. Proceeds from the exercise of stock options and their related tax benefits have varied and are expected to continue to vary from period to period based upon, among other factors, fluctuations in the market value of the Company's stock relative to the exercise price of such options.

The Company has a stock repurchase program to offset the dilutive effect of its employee benefit stock option and stock purchase plans. Shares repurchased exceeded the number of option grants for 1995 and 1996. In 1996, the Company purchased 7.7 million shares of common stock at a cost of $450 million, and in 1995, the Company purchased 7.3 million shares at a cost of $285.7 million. The Company expects to spend up to $450 million on stock repurchases in 1997. To partially hedge the cost of its stock repurchase program, the Company sold put warrants and purchased call options in 1996 (see Note 6 to the Consolidated Financial Statements).

To provide for financial flexibility and increased liquidity, the Company has established several sources of debt financing. The Company has $100 million available under its $213 million debt shelf registration. The shelf registration was increased in January 1997 from $200 million to $213 million. At December 31, 1996, $109 million of debt securities were outstanding and bear interest at fixed rates averaging 5.8%. The current portion of these debt securities is $50 million, and the remaining debt securities mature in two to seven years. The Company has $68.2 million of promissory notes maturing in 1997. The Company also has a commercial paper program which provides for short-term borrowings up to an aggregate face amount of $200 million. As of December 31, 1996, the Company had no outstanding commercial paper. The Company also has a

$150 million revolving line of credit, on which there were no borrowings outstanding at December 31, 1996.

The primary objectives for the Company's investment portfolio are liquidity and safety of principal. Investments are made to achieve the highest rate of return to the Company, consistent with these two objectives. The Company's investment policy limits investments to certain types of instruments issued by institutions with investment grade credit ratings and places restrictions on maturities and concentration by type and issuer. The Company invests its excess cash in securities with varying maturities to meet projected cash needs.

The Company believes that existing funds, cash generated from operations and existing sources of debt financing are adequate to satisfy its working capital and capital expenditure requirements for the foreseeable future, as well as to support its stock repurchase program. However, the Company may raise additional capital from time to time to take advantage of favorable conditions in the markets or in connection with the Company's corporate development activities.

Results of Operations

Product sales

Product sales increased $269.6 million or 15% in 1996 over the prior year. In 1995, product sales increased $269 million or 17% over the prior year.

NEUPOGEN(R) (Filgrastim)

The Company's worldwide NEUPOGEN(R) sales were $1,016.3 million in 1996, an increase of $80.3 million or 9% over the prior year. In 1995, sales were $936 million, an increase of $107 million or 13% over the prior year.

Domestic sales of NEUPOGEN(R) were $731.6 million in 1996, an increase of $69.8 million or 11% over the prior year due primarily to growth in demand and a price increase which was in line with the Consumer Price Index. In 1995, domestic sales were $661.8 million, an increase of $44.6 million or 7% over the prior year due primarily to the increased usage of NEUPOGEN(R) and price increases.

Quarterly NEUPOGEN(R) sales volume in the United States is influenced by a number of factors including underlying demand and wholesaler inventory management practices. Wholesaler inventory reductions tend to reduce domestic NEUPOGEN(R) sales in the first quarter each year. In addition, the discretionary aspects of some cancer chemotherapy administration has had a slight seasonal effect on NEUPOGEN(R) sales.

Cost containment pressures in the health care marketplace have contributed to the slowing of growth in domestic NEUPOGEN(R) usage over the past several years. These pressures are expected to continue to influence such growth for the foreseeable future.

Despite these pressures, the Company believes that NEUPOGEN(R) sales have continued to grow in 1996 because the Company focused its marketing efforts on specific tumor types and on the ability NEUPOGEN(R) to partially offset its own costs by decreasing the likelihood of infections requiring hospitalization. The introduction and use of new myelosuppressive chemotherapy agents and the approval of NEUPOGEN(R) for use in peripheral blood progenitor cell transplants is also believed to have contributed to sales growth.

International sales of NEUPOGEN(R), primarily in Europe, were $284.7 million in 1996, an increase of $10.5 million or 4% over the prior year. Unit demand accounted for most of this increase but was partially offset by the weakening of foreign currencies. In 1995, international sales of NEUPOGEN(R) were $274.2 million, an increase of $62.4 million or 29% over the prior year. Three factors, each contributing approximately one third, accounted for this increase in 1995: (1) strong unit demand growth, (2) the inclusion of sales from three additional countries as the result of Austria, Sweden and Finland joining the European Union ("EU") on January 1, 1995, and (3) the favorable effects of strengthened foreign currencies. Prior to the entry of the three additional countries into the EU, F. Hoffmann La Roche paid the Company royalties on sales in these countries under a license agreement.

The Company's overall share of the colony stimulating factor ("CSF") market in the EU in which NEUPOGEN(R) competes has continued to decrease since the introduction in 1994 of a competing granulocyte CSF product. The Company does not expect the competitive intensity to subside in the near future. While sales in the EU have continued to increase, government budget issues and cost controls have also slowed the growth of the CSF market in the EU.

EPOGEN(R) (Epoetin alfa)

EPOGEN(R) sales were $1,071.9 million in 1996, an increase of $189.3 million or 21% over the prior year. In 1995, EPOGEN(R) sales were $882.6 million, an increase of $162 million or 22% over the prior year. These increases were primarily due to increases in the U.S. dialysis patient population and the administration of higher doses, and to a lesser extent, increased penetration of the dialysis market.

Increases in both the U.S. dialysis patient population and dosing are expected to continue to drive EPOGEN(R) sales. These drivers remained strong throughout 1996 as the Company focused its marketing efforts on the benefits of increasing patients' hematocrit levels. However, the Company believes that as more dialysis patients' hematocrits reach target levels, dosing increases will diminish.

Cost of sales

Cost of sales as a percentage of product sales was 13.6%, 15.0% and 15.4% for the years ended December 31, 1996, 1995 and 1994, respectively. The improvement in the current year reflects efficiencies from the Company's fill-and-finish facility in Puerto

Rico. In 1997, cost of sales as a percentage of product sales is expected to be in the range of 13% to 14% as a result of continuing efficiencies in the Puerto Rico facility.

Research and development

In 1996 and 1995, research and development expenses increased $76.6 million or 17% and $128.1 million or 40%, respectively, compared with the respective prior years. These increases were primarily due to staff-related expenses and external costs for clinical and preclinical activities necessary to support ongoing product development activities. In 1997, annual research and development expenses are expected to increase at a rate slightly exceeding the Company's product sales growth rate. Increases are planned for internal efforts on development of product candidates, for discovery and for licensing efforts.

Write-off of in-process technology purchased

In December 1994, the Company acquired Synergen, Inc. ("Synergen"), a biotechnology company engaged in the discovery and development of protein-based pharmaceuticals. Synergen was acquired for $254.5 million in cash, including related acquisition costs. The purchase price was assigned to the acquired tangible and intangible assets based on their estimated fair values at the date of acquisition. The value assigned to in-process technology of $116.4 million was expensed during the quarter ended December 31, 1994.

Marketing and selling/general and administrative

In 1996 and 1995, marketing and selling expenses increased $37.2 million or 14% and $36 million or 15%, respectively, compared with the respective prior years. These increases primarily reflect market research activities, efforts to increase the number of patients receiving NEUPOGEN(R) and to bring more patients receiving EPOGEN(R) within the target hematocrit range.

In 1996 and 1995, general and administrative expenses increased $15 million or 10% and $22.6 million or 18%, respectively, compared with the respective prior years. These increases are primarily due to staff-related expenses.

In 1997, marketing and selling expenses combined with general and administrative expenses are expected to have an aggregate annual growth rate that approximates the anticipated 1997 annual growth in product sales.

Interest and other income

In 1996, interest and other income decreased $2.5 million or 4% compared with the prior year. This decrease resulted from lower interest rates and lower capital gains related to the Company's investment portfolio, partially offset by higher cash balances. In 1995, interest and other income increased $44.6 million or 207% over the prior year. This increase was primarily due to capital gains

realized in the Company's investment portfolio during 1995 while capital losses were incurred in 1994 and from higher interest rates and cash balances compared with the prior year. Interest and other income is expected to continue to vary from period to period primarily due to changes in cash balances, timing of capital gains/losses and fluctuations in interest rates.

Income taxes

The Company's tax rate was 29.4%, 32.3% and 45.7% for the years ended December 31, 1996, 1995 and 1994, respectively. The decrease in 1996 is primarily the result of a favorable ruling received from the Puerto Rican government with respect to tollgate taxes applicable to earnings in Puerto Rico. The decrease in 1995 was due to tax benefits from the sale of products manufactured in the Puerto Rico fill-and-finish facility which began in the first quarter of 1995. The tax rate in 1994 was higher than the statutory rate due to the write-off of in-process technology purchased in connection with the Synergen acquisition, which was not deductible for income tax purposes. In 1997, the tax rate is expected to decrease to approximately 28%. In 1998, the tax rate is expected to increase to approximately 31%-32% due to a change in the U.S. federal tax law which limits the tax benefits from manufacturing in Puerto Rico to 1995 levels.

Foreign currency transactions

The Company has a program to manage certain portions of its exposure to fluctuations in foreign currency exchange rates arising from international operations. The Company generally hedges the receivables and payables with foreign currency forward contracts, which typically mature within six months. The Company uses foreign currency option and forward contracts which generally expire within 12 months to hedge certain anticipated future sales and expenses. At December 31, 1996, outstanding foreign currency option and forward contracts totaled $39.7 million and $93 million, respectively.

Financial Outlook

Worldwide NEUPOGEN(R) (Filgrastim) sales for 1997 are expected to grow at a rate lower than the 1996 growth rate. Future NEUPOGEN(R) sales increases are dependent primarily upon further penetration of existing markets, the timing and nature of additional indications for which the product may be approved and the effects of competitive products. Although not approved or promoted for use in the United States, the Company believes that approximately 20% of its domestic NEUPOGEN(R) sales are from off-label use as a supportive therapy for various AIDS-related treatments. Changes in AIDS therapies, including therapies that may be less myelosuppressive, may affect such sales. NEUPOGEN(R) usage is expected to continue to be affected by cost containment pressures on health care providers worldwide. In addition, international NEUPOGEN(R) sales will continue to be subject to changes in foreign currency exchange rates.

EPOGEN(R) (Epoetin alfa) sales for 1997 are expected to remain strong but grow at a rate lower than the 1996 growth rate. The

Company anticipates that increases in both the U.S. dialysis patient population and dosing will continue to drive EPOGEN(R) sales. The Company believes that, as more dialysis patients' hematocrits reach target levels, the contribution of dosing to sales increases will diminish. Patients receiving treatment for end stage renal disease are covered primarily under medical programs provided by the federal government. Therefore, EPOGEN(R) sales may also be affected by future changes in reimbursement rates or the basis for reimbursement by the federal government.

The Company anticipates that total product sales and earnings will grow at double digit rates in 1997, but these growth rates are expected to be lower than 1996 growth rates. Estimates of future product sales and earnings, however, are necessarily speculative in nature and are difficult to predict with accuracy.

Except for the historical information contained herein, the matters discussed in this Annual Report on Form 10-K are by their nature forward-looking. For the reasons stated in this Annual Report or in the Company's other Securities and Exchange Commission filings, or for various unanticipated reasons, actual results may differ materially.

Legal Matters

The Company is engaged in arbitration proceedings with one of its licensees and various other legal proceedings. For a complete discussion of these matters, see Note 4 to the Consolidated Financial Statements.

Factors That May Affect Future Results

Amgen operates in a rapidly changing environment that involves a number of risks, some of which are beyond the Company's control. The following discussion highlights some of these risks, and others are discussed elsewhere herein and in other documents filed by the Company with the Securities and Exchange Commission.

Product development

The Company intends to continue an aggressive product development program. Successful product development in the biotechnology industry is highly uncertain, and only a small minority of research and development programs ultimately result in the commercialization of a product. Of the candidates that are commercialized, all may not be commercially successful. Product candidates that appear promising in the early phases of development may fail to reach the market for numerous reasons, including, without limitation, results indicating lack of effectiveness or harmful side effects in clinical or preclinical testing, failure to receive necessary regulatory approvals, uneconomical manufacturing costs, the existence of third party proprietary rights, failure to be cost effective in light of existing therapeutics or other factors. There can be no assurance that the Company will be able to produce future products that have commercial potential.

Additionally, success in preclinical and early clinical trials does not ensure that large scale clinical trials will be successful. Clinical results are frequently susceptible to varying interpretations which may delay, limit or prevent further clinical development or regulatory approvals. The length of time necessary to complete clinical trials and receive approval for product marketing by regulatory authorities varies significantly by product and indication and is often difficult to predict. See "--Regulatory approvals."

Regulatory approvals

The Company's research and development, preclinical testing, clinical trials, facilities, manufacturing and marketing of its products are subject to extensive regulation by numerous governmental authorities in the U.S. and other countries. The success of the Company's current products and future product candidates will depend in part upon obtaining and maintaining regulatory approval to market products in approved indications. Even if regulatory approval is obtained, a marketed product and its manufacturer are subject to continued review. Later discovery of previously unknown problems with a product or manufacturer may result in restrictions on such product or manufacturer, including withdrawal of the product from the market. Failure to obtain necessary approvals, or the restriction, suspension or revocation of any approvals or the failure to comply with regulatory requirements could have a material adverse effect on the Company.

Reimbursement; Third party payors

In both domestic and foreign markets, sales of the Company's products are dependent in part on the availability of reimbursement from third party payors such as governments and private insurance plans. In certain foreign markets pricing and profitability of prescription pharmaceuticals are subject to government controls. In the United States, there has been, and the Company expects there to continue to be, a number of state and federal proposals to implement price controls. In addition, an increasing emphasis on managed care in the United States has and will continue to increase the pressure on pharmaceutical pricing and usage. Further, significant uncertainties exist as to the reimbursement status of newly approved therapeutic products, and current reimbursement policies for existing products may change. Changes in reimbursement or failure to obtain reimbursement may reduce the demand for, or the price of, the Company's products which could have a material adverse effect on the Company including results of operations. Specifically, patients in the U.S. receiving EPOGEN(R) in connection with treatment for end stage renal disease are covered primarily under medical programs provided by the federal government. Therefore, EPOGEN(R) sales may be affected by future changes in reimbursement rates or the basis for reimbursement by the federal government.

Guidelines

In addition to government agencies that promulgate regulations and guidelines directly applicable to the Company and its products,

private health/science foundations and organizations involved in various diseases may also publish, from time to time, guidelines or recommendations to the healthcare and patient communities. These private organizations may make recommendations that affect the usage of certain therapies, drugs or procedures, including the Company's products. Such recommendations may relate to such matters as usage, dosage, route of administration and use of concomitant therapies. Recommendations or guidelines that are followed by patients and healthcare providers and that result in, among other things, decreased use of the Company's products could have a material adverse effect on the Company. In addition, the perception that such recommendations or guidelines will be followed could adversely affect prevailing market prices for the Company's common stock.

Intellectual property and legal matters

The patent positions of pharmaceutical and biotechnology companies can be highly uncertain and involve complex legal, scientific and factual questions. To date there has emerged no consistent policy regarding breadth of claims allowed in such companies' patents. Accordingly, there can be no assurance that patents and patent applications relating to the Company's products and technologies will not be challenged, invalidated or circumvented or will afford protection against competitors with similar products or technology. Patent disputes are frequent and can preclude commercialization of products. The Company currently is, and may in the future be, involved in patent litigation. Such litigation, if decided adversely, could subject the Company to significant liabilities, cause the Company to obtain third party licenses or cease using the technology or product in dispute. However, there can be no assurance that such licenses will be available on terms acceptable to the Company, or at all.

The Company is currently involved in arbitration proceedings with Ortho Pharmaceutical Corporation, a subsidiary of Johnson & Johnson ("Johnson & Johnson"), relating to a license granted by the Company to Johnson & Johnson for sales of Epoetin alfa in the United States for all human uses except dialysis and diagnostics. See Note 4 to the Consolidated Financial Statements, "Contingencies - Johnson & Johnson arbitrations."

Competition

Amgen operates in a highly competitive environment. The Company competes with pharmaceutical and biotechnology companies, some of which may have technical or competitive advantages, for, among other things, the development of technologies and processes and the acquisition of technology from academic institutions, government agencies and other private and public research organizations. There can be no assurance that the Company will be able to produce or acquire rights to products that have commercial potential. Even if the Company achieves product commercialization, there can be no assurance that one or more of the Company's competitors will not: (1) achieve product commercialization earlier than the Company, (2) receive patent protection that dominates or adversely affects the

Company's activities or (3) have significantly greater marketing capabilities.

Fluctuations in operating results

The Company's operating results may fluctuate from period to period for a number of reasons. Historically the Company has planned its operating expenses, many of which are relatively fixed in the short term, on the basis that revenues will continue to grow. Accordingly, even a relatively small revenue shortfall may cause a period's results to be below Company expectations. Such a revenue shortfall could arise from any number of factors, including, without limitation, lower than expected demand, changes in wholesaler buying patterns, changes in product pricing strategies, increased competition from new and existing products, fluctuations in foreign currency exchange rates, changes in government or private reimbursement, transit interruptions, overall economic conditions or natural disasters (including earthquakes). The Company also experiences a degree of seasonality in its operating results. See "Results of Operations - Product sales - NEUPOGEN(R) (Filgrastim)."

Rapid growth

The Company has adopted an aggressive growth plan that includes substantial and increased investments in research and development and investments in facilities that will be required to support significant growth. This plan carries with it a number of risks, including a higher level of operating expenses, the difficulty of attracting and assimilating a large number of new employees, and the complexities associated with managing a larger and faster growing organization.

Stock price volatility

The Company's stock price, like that of other biotechnology companies, is subject to significant volatility. The stock price may be affected by, among other things, clinical trial results and other product development related announcements by Amgen or its competitors, regulatory matters, announcements in the scientific and research community, intellectual property and legal matters, changes in reimbursement policies or medical practices or broader industry and market trends unrelated to the Company's performance. In addition, if revenues or earnings in any quarter fail to meet the investment community's expectations, there could be an immediate adverse impact on the Company's stock price.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The information required by this item is incorporated herein by reference to the financial statements listed in Item 14(a) of Part IV of this Form 10-K Annual Report.

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

None.

PART III

Item 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Information concerning the directors of the Company is incorporated by reference to the section entitled "Election of Directors" in the Company's definitive Proxy Statement with respect to the Company's 1997 Annual Meeting to be filed with the Securities and Exchange Commission within 120 days of December 31, 1996 (the "Proxy Statement"). For information concerning the executive officers of the Company see Item 1. - "Executive Officers of the Registrant".

Item 11. EXECUTIVE COMPENSATION

The section labeled "Executive Compensation" appearing in the Company's Proxy Statement is incorporated herein by reference, except for such information as need not be incorporated by reference under rules promulgated by the Securities Exchange Commission.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The section labeled "Security Ownership of Directors and Executive Officers and Certain Beneficial Owners" appearing in the Company's Proxy Statement is incorporated herein by reference.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The section labeled "Certain Transactions" appearing in the Company's Proxy Statement is incorporated herein by reference.

PART IV

Item 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) 1. Index to Financial Statements

The following Financial Statements are included herein:

(a) 2. Index to Financial Statement Schedules

The following Schedules are filed as part of this Form 10-K Annual Report:

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

(a) 3. Exhibits

Exhibit No.	Description
3.1	Restated Certificate of Incorporation. (6)
3.2	Certificate of Amendment to Restated Certificate of Incorporation, effective as of July 24, 1991. (11)
3.3	Amended and Restated Bylaws. (22)
4.1	Indenture dated January 1, 1992 between the Company and Citibank N.A., as trustee. (12)
4.2	Forms of Commercial Paper Master Note Certificates. (15)
4.3	First Supplement to Indenture, dated February 26, 1997 between the Company and Citibank N.A., as trustee.(23)
+*10.1	Company's Amended and Restated 1991 Equity Incentive Plan.
+10.2	Company's Amended and Restated 1984 Stock Option Plan. (22)
10.3	Shareholder's Agreement of Kirin-Amgen, Inc., dated May 11, 1984, between the Company and Kirin Brewery Company,

	Limited (with certain confidential information deleted therefrom). (1)
10.4	Amendment Nos. 1, 2, and 3, dated March 19, 1985, July 29, 1985 and December 19, 1985, respectively, to the Shareholder's Agreement of Kirin-Amgen, Inc., dated May 11, 1984 (with certain confidential information deleted therefrom). (3)
10.5	Product License Agreement, dated September 30, 1985, and Technology License Agreement, dated, September 30, 1985 between the Company and Ortho Pharmaceutical Corporation (with certain confidential information deleted therefrom). (2)
10.6	Product License Agreement, dated September 30, 1985, and Technology License Agreement, dated September 30, 1985 between Kirin-Amgen, Inc. and Ortho Pharmaceutical Corporation (with certain confidential information deleted therefrom). (3)
+10.7	Company's Amended and Restated Employee Stock Purchase Plan. (22)
10.8	Research, Development Technology Disclosure and License Agreement PPO, dated January 20, 1986, by and between the Company and Kirin Brewery Co., Ltd. (4)
10.9	Amendment Nos. 4 and 5, dated October 16, 1986 (effective July 1, 1986) and December 6, 1986 (effective July 1, 1986), respectively, to the Shareholders Agreement of Kirin-Amgen, Inc. dated May 11, 1984 (with certain confidential information deleted therefrom). (5)
10.10	Assignment and License Agreement, dated October 16, 1986, between the Company and Kirin-Amgen, Inc. (with certain confidential information deleted therefrom). (5)
10.11	G-CSF European License Agreement, dated December 30, 1986, between Kirin-Amgen, Inc. and the Company (with certain confidential information deleted therefrom). (5)
10.12	Research and Development Technology Disclosure and License Agreement: GM-CSF, dated March 31, 1987, between Kirin Brewery Company, Limited and the Company (with certain confidential information deleted therefrom). (5)
+*10.13	Company's Amended and Restated 1987 Directors' Stock Option Plan.
+10.14	Company's Amended and Restated 1988 Stock Option Plan (22).
+10.15	Company's Amended and Restated Retirement and Savings Plan. (22)
10.16	Amendment, dated June 30, 1988, to Research, Development, Technology Disclosure and License Agreement: GM-CSF dated March 31, 1987, between Kirin Brewery Company, Limited and the Company. (6)
10.17	Agreement on G-CSF in the EU, dated September 26, 1988, between Amgen Inc. and F. Hoffmann-La Roche & Co. Limited Company (with certain confidential information deleted therefrom). (8)
10.18	Supplementary Agreement to Agreement dated January 4, 1989 to Agreement on G-CSF in the EU, dated September 26, 1988, between the Company and F. Hoffmann-La Roche & Co. Limited Company, (with certain confidential information deleted therefrom). (8)

10.19	Agreement on G-CSF in Certain European Countries, dated January 1, 1989, between Amgen Inc. and F. Hoffmann-La Roche & Co. Limited Company (with certain confidential information deleted therefrom). (8)
10.20	Rights Agreement, dated January 24, 1989, between Amgen Inc. and American Stock Transfer and Trust Company, Rights Agent. (7)
10.21	First Amendment to Rights Agreement, dated January 22, 1991, between Amgen Inc. and American Stock Transfer and Trust Company, Rights Agent. (9)
10.22	Second Amendment to Rights Agreement, dated April 2, 1991, between Amgen Inc. and American Stock Transfer and Trust Company, Rights Agent. (10)
10.23	Agency Agreement, dated November 21, 1991, between Amgen Manufacturing, Inc. and Citicorp Financial Services Corporation. (13)
10.24	Agency Agreement, dated May 21, 1992, between Amgen Manufacturing, Inc. and Citicorp Financial Services Corporation. (13)
10.25	Guaranty, dated July 29, 1992, by the Company in favor of Merck Sharp & Dohme Quimica de Puerto Rico, Inc. (14)
10.26	936 Promissory Note No. 01, dated December 11, 1991, issued by Amgen Manufacturing, Inc. (13)
10.27	936 Promissory Note No. 02, dated December 11, 1991, issued by Amgen Manufacturing, Inc. (13)
10.28	936 Promissory Note No. 001, dated July 29, 1992, issued by Amgen Manufacturing, Inc. (13)
10.29	936 Promissory Note No. 002, dated July 29, 1992, issued by Amgen Manufacturing, Inc. (13)
10.30	Guaranty, dated November 21, 1991, by the Company in favor of Citicorp Financial Services Corporation. (13)
10.31	Partnership Purchase Agreement, dated March 12, 1993, between the Company, Amgen Clinical Partners, L.P., Amgen Development Corporation, the Class A limited partners and the Class B limited partner. (14)
+10.32	Amgen Supplemental Retirement Plan dated June 1, 1993. (16)
10.33	Promissory Note of Mr. Kevin W. Sharer, dated June 4, 1993. (16)
10.34	Promissory Note of Mr. Larry A. May, dated February 24, 1993. (25)
+*10.35	Amgen Performance Based Management Incentive Plan.
10.36	Agreement and Plan of Merger, dated as of November 17, 1994, among Amgen Inc., Amgen Acquisition Subsidiary, Inc. and Synergen, Inc. (17)
10.37	Third Amendment to Rights Agreement, dated as of February 21, 1995, between Amgen Inc. and American Stock Transfer Trust and Trust Company (18)
10.38	Credit Agreement, dated as of June 23, 1995, among Amgen Inc., the Borrowing Subsidiaries named therein, the Banks named therein, Swiss Bank Corporation and ABN AMRO Bank N.V., as Issuing Banks, and Swiss Bank Corporation, as Administrative Agent. (19)
10.39	Promissory Note of Mr. George A. Vandeman, dated December 15, 1995. (20)

10.40	Promissory Note of Mr. George A. Vandeman, dated December 15, 1995. (20)
10.41	Promissory Note of Mr. Stan Benson, dated March 19, 1996. (20)
+10.42	Amendment No. 1 to the Company's Amended and Restated Retirement and Savings Plan. (22)
+*10.43	Amendment Number 5 to the Company's Amended and Restated Retirement and Savings Plan dated January 1, 1993.
+*10.44	Amendment Number 2 to the Company's Amended and Restated Retirement and Savings Plan dated April 1, 1996.
*10.45	First Amendment to Credit Agreement, dated as of December 12, 1996, among Amgen Inc., the Borrowing Subsidiaries named therein, and Swiss Bank Corporation as Administrative Agent.
10.46	Fourth Amendment to Rights Agreement, dated February 18, 1997 between Amgen Inc. and American Stock Transfer and Trust Company, Rights Agent. (24)
10.47	Preferred Share Rights Agreement, dated February 18, 1997, between Amgen Inc. and American Stock Transfer and Trust Company, Rights Agent. (24)
+*10.48	Consulting Agreement, dated November 15, 1996, between the Company and Daniel Vapnek.
+*10.49	Agreement, dated May 30, 1995, between the Company and George A. Vandeman.
*11	Computation of per share earnings.
*21	Subsidiaries of the Company.
23	Consent of Ernst & Young LLP, Independent Auditors. The consent set forth as page 44 is incorporated herein by reference.
24	Power of Attorney. The Power of Attorney set forth on page 43 is incorporated herein by reference.
*27	Financial Data Schedule.

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* Filed herewith.

+ Management contract or compensatory plan or arrangement.

(1) Filed as an exhibit to the Annual Report on Form 10-K for the year ended March 31, 1984 on June 26, 1984 and incorporated herein by reference.

(2) Filed as an exhibit to Quarterly Report on Form 10-Q for the quarter ended September 30, 1985 on November 14, 1985 and incorporated herein by reference.

(3) Filed as an exhibit to Quarterly Report on Form 10-Q for the quarter ended December 31, 1985 on February 3, 1986 and incorporated herein by reference.

(4) Filed as an exhibit to Amendment No. 1 to Form S-1 Registration Statement (Registration No. 33-3069) on March 11, 1986 and incorporated herein by reference.

(5) Filed as an exhibit to the Form 10-K Annual Report for the year ended March 31, 1987 on May 18, 1987 and incorporated herein by reference.

(6) Filed as an exhibit to Form 8 amending the Quarterly Report on Form 10-Q for the quarter ended June 30, 1988 on August 25, 1988 and incorporated herein by reference.

(7) Filed as an exhibit to the Form 8-K Current Report dated January 24, 1989 and incorporated herein by reference.

(8) Filed as an exhibit to the Annual Report on Form 10-K for the year ended March 31, 1989 on June 28, 1989 and incorporated herein by reference.
(9) Filed as an exhibit to the Form 8-K Current Report dated January 22, 1991 and incorporated herein by reference.
(10) Filed as an exhibit to the Form 8-K Current Report dated April 12, 1991 and incorporated herein by reference.
(11) Filed as an exhibit to the Form 8-K Current Report dated July 24, 1991 and incorporated herein by reference.
(12) Filed as an exhibit to Form S-3 Registration Statement dated December 19, 1991 and incorporated herein by reference.
(13) Filed as an exhibit to the Annual Report on Form 10-K for the year ended December 31, 1992 on March 30, 1993 and incorporated herein by reference.
(14) Filed as an exhibit to the Form 8-A dated March 31, 1993 and incorporated herein by reference.
(15) Filed as an exhibit to the Form 10-Q for the quarter ended March 31, 1993 on May 17, 1993 and incorporated herein by reference.
(16) Filed as an exhibit to the Form 10-Q for the quarter ended September 30, 1993 on November 12, 1993 and incorporated herein by reference.
(17) Filed as an exhibit to the Form 8-K Current Report dated November 18, 1994 on December 2, 1994 and incorporated herein by reference.
(18) Filed as an exhibit to the Form 8-K Current Report dated February 21, 1995 on March 7, 1995 and incorporated herein by reference.
(19) Filed as an exhibit to the Form 10-Q for the quarter ended June 30, 1995 on August 11, 1995 and incorporated herein by reference.
(20) Filed as an exhibit to the Annual Report on Form 10-K for the year ended December 31, 1995 on March 29, 1996 and incorporated herein by reference.
(21) Filed as an exhibit to the Form 10-Q for the quarter ended June 30, 1996 on August 12, 1996 and incorporated herein by reference.
(22) Filed as an exhibit to the Form 10-Q for the quarter ended September 30, 1996 on November 5, 1996 and incorporated herein by reference.
(23) Filed as an exhibit to the Form 8-K Current Report dated March 14, 1997 on March 14, 1997 and incorporated herein by reference.
(24) Filed as an exhibit to the Form 8-K Current Report dated February 18, 1997 on February 28, 1997 and incorporated herein by reference.
(25) Filed as an exhibit to the Annual Report on Form 10-K for the year ended December 31, 1993 on March 25, 1994 and incorporated herein by reference.

(b) Reports on Form 8-K

No reports on Form 8-K were filed by the Company during the three months ended December 31, 1996.

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: 3/24/97

By: /s/ ROBERT S. ATTIYEH

Robert S. Attiyeh
Senior Vice President,
Finance and Corporate
Development, and
Chief Financial Officer

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Robert S. Attiyeh and Larry A. May, or either of them, his attorney-in-fact, each with the power of substitution, for him 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 all that each of said attorneys-in-fact, or his 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:

/s/GORDON M. BINDER 3/24/97
- ----------
Gordon M. Binder
Chairman of the Board
Chief Executive Officer and
Director
(Principal Executive Officer)

/s/KEVIN W. SHARER 3/24/97
- ----------
Kevin W. Sharer
President, Chief Operating
Officer and Director

/s/ROBERT S. ATTIYEH 3/24/97
- ----------
Robert S. Attiyeh
Senior Vice President,
Finance and Corporate
Development, and
Chief Financial Officer

/s/LARRY A. MAY 3/24/97
- ----------
Larry A. May
Vice President,
Corporate Controller and
Chief Accounting Officer

/s/RAYMOND F. BADDOUR 3/24/97
- ----------
Raymond F. Baddour
Director

/s/WILLIAM K. BOWES, JR. 3/24/97
- ----------
William K. Bowes, Jr.
Director

/s/FRANKLIN P. JOHNSON,JR. 3/24/97
- ----------
Franklin P. Johnson, Jr.
Director

/s/STEVEN LAZARUS 3/24/97
- ----------
Steven Lazarus
Director

/s/EDWARD J. LEDDER 3/24/97
- ----------
Edward J. Ledder
Director

/s/GILBERT S. OMENN 3/24/97
- ----------
Gilbert S. Omenn
Director

/s/JUDITH C. PELHAM 3/24/97
- ----------
Judith C. Pelham
Director

EXHIBIT 23

CONSENT OF ERNST & YOUNG LLP, INDEPENDENT AUDITORS

We consent to the incorporation by reference in the Registration Statement (Form S-8 No. 33-5111) pertaining to the 1984 Stock Option Plan, 1981 Incentive Stock Option Plan and Nonqualified Stock Option Plan of Amgen Inc., in the Registration Statement (Form S-8 No. 33-24013) pertaining to the Amended and Restated 1988 Stock Option Plan of Amgen Inc., in the Registration Statement (Form S-8 No. 33-39183) pertaining to the Amended and Restated Employee Stock Purchase Plan, in the Registration Statement (Form S-8 No. 33-39104) pertaining to the Amended and Restated Amgen Retirement and Savings Plan, in the Registration Statements (Form S-3/S-8 No. 33-29791 and Form S-8 No. 33-42501) pertaining to the Amended and Restated 1987 Directors' Stock Option Plan, in the Registration Statement (Form S-8 No. 33-42072) pertaining to the Amgen Inc. Amended and Restated 1991 Equity Incentive Plan, in the Registration Statement (Form S-8 No. 33-47605) pertaining to the Retirement and Savings Plan for Amgen Puerto Rico, Inc. and in the Registration Statements (Form S-3 No. 33-22544, Form S-3 No. 33-44454 and Form S-3 No. 333-19931) of Amgen Inc. and in the related Prospectuses of our report dated January 22, 1997 with respect to the consolidated financial statements and financial statement schedule of Amgen Inc. included in this Annual Report (Form 10-K) for the year ended December 31, 1996.

/s/ ERNST & YOUNG LLP

Los Angeles, California
March 24, 1997

REPORT OF ERNST & YOUNG LLP, INDEPENDENT AUDITORS

The Board of Directors and Stockholders of
Amgen Inc.

We have audited the accompanying consolidated balance sheets of Amgen Inc. as of December 31, 1996 and 1995, and the related consolidated statements of operations, stockholders' equity and cash flows for each of the three years in the period ended December 31, 1996. Our audits also included the financial statement schedule listed in the Index at Item 14(a). 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 generally accepted auditing standards. 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Amgen Inc. at December 31, 1996 and 1995, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 1996, in conformity with 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.

/s/ ERNST & YOUNG LLP

Los Angeles, California
January 22, 1997

AMGEN INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

Years ended December 31, 1996, 1995 and 1994
(In millions, except per share data)

	1996	1995	1994
Revenues:			
Product sales	$2,088.2	$1,818.6	$1,549.6
Corporate partner revenues	109.9	85.2	70.4
Royalty income	41.7	36.1	27.9
Total revenues	2,239.8	1,939.9	1,647.9
Operating expenses:			
Cost of sales	283.2	272.9	238.1
Research and development	528.3	451.7	323.6
Write-off of in-process technology purchased	-	-	116.4
Marketing and selling	310.1	272.9	236.9
General and administrative	160.5	145.5	122.9
Loss of affiliates, net	52.8	53.3	31.2
Total operating expenses	1,334.9	1,196.3	1,069.1
Operating income	904.9	743.6	578.8
Other income (expense):			
Interest and other income	63.6	66.1	21.5
Interest expense, net	(6.2)	(15.3)	(12.0)
Total other income (expense).	57.4	50.8	9.5
Income before income taxes	962.3	794.4	588.3
Provision for income taxes	282.5	256.7	268.6
Net income	$ 679.8	$ 537.7	$ 319.7
Earnings per share:			
Primary	$2.42	$1.92	$1.14
Fully diluted	$2.42	$1.88	$1.13
Shares used in calculation of:			
Primary earnings per share	280.7	280.7	279.6
Fully diluted earnings per share	280.9	285.3	282.2

See accompanying notes.

AMGEN INC.

CONSOLIDATED BALANCE SHEETS

December 31, 1996 and 1995
(In millions, except per share data)

	1996	1995
ASSETS		
Current assets:		
Cash and cash equivalents	$ 169.3	$ 66.7
Marketable securities	907.7	983.6
Trade receivables, net of allowance for doubtful accounts of $11.8 in 1996 and $13.8 in 1995	225.4	199.3
Inventories	97.4	88.8
Other current assets	102.8	115.7
Total current assets	1,502.6	1,454.1
Property, plant and equipment at cost, net	910.5	743.8
Investments in affiliated companies	109.6	95.7
Other assets	242.9	139.2
	$2,765.6	$2,432.8
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 75.0	$ 54.4
Accrued liabilities	449.7	459.7
Current portion of long-term debt	118.2	-
Commercial paper	-	69.7
Total current liabilities	642.9	583.8
Long-term debt	59.0	177.2
Put warrants	157.4	-
Contingencies		
Stockholders' equity:		
Common stock and additional paid-in capital; $.0001 par value; 750 shares authorized; outstanding - 264.7 shares in 1996 and 265.7 shares in 1995	1,026.9	864.8
Retained earnings	879.4	807.0
Total stockholders' equity	1,906.3	1,671.8
	$2,765.6	$2,432.8

See accompanying notes.

AMGEN INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

Years ended December 31, 1996, 1995 and 1994
(In millions)

	Number of shares	Common stock and additional paid-in capital	Retained earnings
Balance at December 31, 1993	268.4	$ 636.2	$535.8
Issuance of common stock upon the exercise of stock options and in connection with an employee stock purchase plan	5.7	44.8	-
Issuance of common stock upon the exercise of warrants	3.5	15.3	-
Tax benefits related to stock options	-	23.0	-
Repurchases of common stock	(12.9)	-	(300.5)
Net income	-	-	319.7
Balance at December 31, 1994	264.7	719.3	555.0
Issuance of common stock upon the exercise of stock options and in connection with an employee stock purchase plan	8.3	102.7	-
Tax benefits related to stock options	-	42.8	-
Repurchases of common stock	(7.3)	-	(285.7)
Net income	-	-	537.7
Balance at December 31, 1995	265.7	864.8	807.0
Issuance of common stock upon the exercise of stock options and in connection with an employee stock purchase plan	6.7	113.5	-
Tax benefits related to stock options	-	48.6	-
Reclassification of put warrant obligation	-	-	(157.4)
Repurchases of common stock	(7.7)	-	(450.0)
Net income	-	-	679.8
Balance at December 31, 1996	264.7	$1,026.9	$879.4

See accompanying notes.

AMGEN INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31, 1996, 1995 and 1994
(In millions)

	1996	1995	1994
Cash flows from operating activities:			
Net income	$ 679.8	$ 537.7	$319.7
Write-off of in-process technology purchased	-	-	116.4
Depreciation and amortization	100.3	84.3	77.3
Deferred income taxes	25.6	23.9	2.4
Loss of affiliates, net	52.8	53.3	31.2
Cash provided by (used in):			
Trade receivables, net	(26.1)	(4.6)	(30.4)
Inventories	(8.6)	9.2	(23.3)
Other current assets	(11.8)	(8.0)	1.8
Accounts payable	20.6	23.9	4.6
Accrued liabilities	(10.0)	53.5	32.2
Net cash provided by operating activities	822.6	773.2	531.9
Cash flows from investing activities:			
Purchases of property, plant and equipment	(266.9)	(162.7)	(130.8)
Proceeds from maturities of marketable securities	168.3	129.6	87.7
Proceeds from sales of marketable securities	762.4	1,018.8	1,505.8
Purchases of marketable securities	(854.8)	(1,646.6)	(1,395.1)
Cost to acquire company, net of cash acquired	-	-	(240.8)
Increase in investments in affiliated companies	(14.6)	(19.5)	(21.8)
(Increase) decrease in other assets	(104.6)	(13.7)	4.0
Net cash used in investing activities	$(310.2)	$ (694.1)	$ (191.0)

See accompanying notes.
(Continued on next page)

AMGEN INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)

Years ended December 31, 1996, 1995 and 1994
(In millions)

	1996	1995	1994
Cash flows from financing activities:			
Decrease in commercial paper	$(69.7)	$(30.0)	$(10.1)
Repayment of long-term debt	-	(6.2)	(12.0)
Proceeds from issuance of long-term debt	-	-	12.5
Net proceeds from issuance of common stock upon the exercise of stock options and in connection with an employee stock purchase plan	113.5	102.7	44.8
Tax benefits related to stock options	48.6	42.8	23.0
Net proceeds from issuance of common stock upon the exercise of warrants	-	-	15.3
Repurchases of common stock	(450.0)	(285.7)	(300.5)
Other	(52.2)	(47.3)	(31.1)
Net cash used in financing activities	(409.8)	(223.7)	(258.1)
Increase (decrease) in cash and cash equivalents	102.6	(144.6)	82.8
Cash and cash equivalents at beginning of period	66.7	211.3	128.5
Cash and cash equivalents at end of period	$169.3	$ 66.7	$211.3

See accompanying notes.

1. Summary of significant accounting policies

Business

Amgen Inc. ("Amgen" or the "Company") is a global biotechnology company that discovers, develops, manufactures and markets human therapeutics based on advances in cellular and molecular biology.

Principles of consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries as well as affiliated companies for which the Company has a controlling financial interest and exercises control over their operations ("majority controlled affiliates"). All material intercompany transactions and balances have been eliminated in consolidation. Investments in affiliated companies which are 50% or less owned and where the Company exercises significant influence over operations are accounted for using the equity method. All other equity investments are accounted for under the cost method. The caption "Loss of affiliates, net" includes Amgen's equity in the operating results of affiliated companies and the minority interest others hold in the operating results of Amgen's majority controlled affiliates.

Cash equivalents and marketable securities

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

The Company considers its investment portfolio available-for-sale as defined in Statement of Financial Accounting Standards ("SFAS") No. 115. There were no material unrealized gains or losses nor any material differences between the estimated fair values and costs of securities in the investment portfolio at December 31, 1996 and 1995. For the year ended December 31, 1996, realized gains and losses totaled $4.4 million and $3 million, respectively. For the year ended December 31, 1995, realized gains and losses totaled $8 million and $3.1 million, respectively. For the year ended December 31, 1994, realized gains and losses totaled $5 million and $21.1 million, respectively. The cost of securities sold is based on the specific identification method. The cost of the investment portfolio by type of security, contractual maturity and its classification in the balance sheet is as follows (in millions):

	December 31, 1996	December 31, 1995
Type of security:		
Corporate debt securities	$ 656.2	$ 486.8
U.S. Treasury securities and obligations of U.S. government agencies	209.7	459.3
Other interest bearing securities	222.3	81.3
	$1,088.2	$1,027.4
Contractual maturity:		
Maturing in one year or less	$ 610.8	$ 219.4
Maturing after one year through three years	351.3	569.4
Maturing after three years	126.1	238.6
	$1,088.2	$1,027.4
Classification in balance sheet:		
Cash and cash equivalents	$ 169.3	$ 66.7
Marketable securities	907.7	983.6
Other assets - noncurrent	40.0	-
	1,117.0	1,050.3
Less cash	(28.8)	(22.9)
	$1,088.2	$1,027.4

The primary objectives for the Company's investment portfolio are liquidity and safety of principal. Investments are made to achieve the highest rate of return to the Company, consistent with these two objectives. The Company's investment policy limits investments to certain types of instruments issued by institutions with investment grade credit ratings, and places restrictions on maturities and concentration by type and issuer. The Company invests its excess cash in securities with varying maturities to meet projected cash needs.

Inventories

Inventories are stated at the lower of cost or market. Cost is determined in a manner which approximates the first-in, first-out (FIFO) method. Inventories are shown net of applicable reserves and allowances. Inventories consisted of the following (in millions):

	December 31, 1996	1995
Raw materials	$15.9	$11.8
Work in process	56.2	45.9
Finished goods	25.3	31.1
	$97.4	$88.8

Depreciation and amortization

Depreciation of buildings and equipment is provided over their estimated 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, including periods covered by options which are expected to be exercised. Useful lives by asset category are as follows:

Asset Category	Years
Buildings	10 - 20
Manufacturing equipment	5
Laboratory equipment	5
Furniture and office equipment	3 - 10

Product sales

Product sales consist of two products, EPOGEN(R) (Epoetin alfa) and NEUPOGEN(R) (Filgrastim).

Quarterly NEUPOGEN(R) sales volume in the United States is influenced by a number of factors including underlying demand and wholesaler inventory management practices. Wholesaler inventory reductions tend to reduce domestic NEUPOGEN(R) sales in the first quarter each year. In addition, the discretionary aspects of some cancer chemotherapy administration has had a slight seasonal effect on NEUPOGEN(R) sales.

The Company has the exclusive right to sell Epoetin alfa for dialysis, diagnostics and all non-human uses in the United States. The Company sells Epoetin alfa under the brand name EPOGEN(R). Amgen has granted to Ortho Pharmaceutical Corporation, a subsidiary of Johnson & Johnson ("Johnson & Johnson"), a license relating to Epoetin alfa for sales in the United States for all human uses except dialysis and diagnostics. Pursuant to this license, Amgen does not recognize product sales it makes into the exclusive market of Johnson & Johnson and does recognize the product sales made by Johnson & Johnson into Amgen's exclusive market. These sales amounts, and adjustments thereto, are derived from third-party data on shipments to end users and their usage (see Note 4, "Contingencies - Johnson & Johnson arbitrations").

Research and development costs

Research and development costs are expensed as incurred. Payments related to the acquisition of technology rights, for which development work is in-process, are expensed and considered a component of research and development costs.

In December 1994, the Company acquired the outstanding stock of Synergen, Inc. ("Synergen"), a publicly held biotechnology company engaged in the discovery and development of protein-based pharmaceuticals. Synergen was acquired for $254.5 million, including related acquisition costs. The value assigned to in-process technology acquired of $116.4 million was expensed on the acquisition date. This business combination was accounted for using the purchase method, and therefore, operating results of Synergen are included in the accompanying consolidated financial statements beginning in December 1994.

Foreign currency transactions

The Company has a program to manage foreign currency risk. As part of this program, it has purchased foreign currency option and forward contracts to hedge against possible reductions in values of certain anticipated foreign currency cash flows over the next 12 months, primarily resulting from its sales in Europe. At December 31, 1996, the Company had net option and forward contracts to exchange foreign currencies for U.S. dollars of $39.7 million and $44.6 million, respectively, all having maturities of one year or less. The option contracts are designated and effective as hedges of anticipated foreign currency transactions for financial reporting purposes, and accordingly, the net gains on such contracts are deferred and will be recognized in the same period as the hedged transactions. The forward contracts do not qualify as hedges for financial reporting purposes, and accordingly, are marked-to-market with changes in market values reflected directly in income.

The Company has additional foreign currency forward contracts to hedge certain exposures to foreign currency fluctuations of certain receivables and payables denominated in foreign currencies. At December 31, 1996, the Company had forward contracts to exchange foreign currencies, primarily Swiss francs, for U.S. dollars of $48.4 million, all having maturities of five months or less. These contracts are designated and effective as hedges, and accordingly, gains and losses on these forward contracts are recognized in the same period the offsetting gains and losses of hedged assets and liabilities are realized and recognized.

Interest

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 costs capitalized for the years ended December 31, 1996, 1995 and 1994, were $4.2 million, $4.7 million and $3.7 million, respectively.

Stock option and purchase plans

The Company's stock option and purchase plans are accounted for under Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees" (see Note 7).

Earnings per share

Earnings per share are computed in accordance with the treasury stock method. Primary and fully diluted earnings per share are based upon the weighted average number of common shares and dilutive common stock equivalents during the period in which they were outstanding. Common stock equivalents include outstanding options under the Company's stock option plans and outstanding warrants to purchase shares of the Company's common stock. Put warrants on the Company's common stock may also be dilutive under the reverse treasury stock method.

Use of estimates

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

Reclassification

Certain prior year amounts have been reclassified to conform to the current year presentation.

2. Related party transactions

The Company owns a 50% interest in Kirin-Amgen, Inc. ("Kirin-Amgen"), a corporation formed in 1984 for the development and commercialization of certain products based on advanced biotechnology. Pursuant to the terms of agreements entered into with Kirin-Amgen, the Company conducts certain research and development activities on behalf of Kirin-Amgen and is paid for such services at negotiated rates. Included in revenues from corporate partners for the years ended December 31, 1996, 1995 and 1994, are $79.9 million, $72.6 million and $58.6 million, respectively, related to these agreements.

In connection with its various agreements with Kirin-Amgen, the Company has been granted sole and exclusive licenses for the manufacture and sale of certain products in specified geographic areas of the world. In return for such licenses, the Company paid Kirin-Amgen stated amounts upon the receipt of the licenses and/or pays Kirin-Amgen royalties based on sales. During the years ended December 31, 1996, 1995 and 1994, Kirin-Amgen earned royalties from Amgen of $86.2 million, $74.2 million and $67.5 million, respectively, under such agreements, which are included in cost of sales in the accompanying consolidated statements of operations.

At December 31, 1996, Amgen's share of Kirin-Amgen's undistributed retained earnings was approximately $63.1 million.

3. Debt

The Company has a commercial paper program which provides for unsecured short-term borrowings up to an aggregate of $200 million. At December 31, 1996, the Company had no outstanding commercial paper. At December 31, 1995, $69.7 million of commercial paper was outstanding at effective interest rates averaging 5.8% and maturities of less than three months.

Long-term debt consisted of the following (in millions):

	December 31,	
	1996	1995
Debt securities	$109.0	$109.0
Promissory notes	68.2	68.2
	177.2	177.2
Less current portion	(118.2)	-
	$ 59.0	$177.2

The Company has a shelf registration under which it has registered $213 million of debt securities. The shelf registration was increased in January 1997 from $200 million to $213 million. At December 31, 1996, $87 million was available under this shelf registration, and in January 1997, this amount was increased to $100 million. At December 31, 1996, $109 million of debt securities were outstanding. The debt securities bear interest at fixed rates averaging 5.8%. The current portion of these debt securities is $50 million, and the remaining debt securities mature in two to seven years. The Company may offer and issue these securities from time to time with terms determined by market conditions. Under the terms of these securities, the Company is required to meet certain debt to tangible net asset ratios. In addition, these securities place limitations on liens and sale/leaseback transactions.

The Company's promissory notes, which mature in 1997, were issued to assist in financing the acquisition and related construction of a manufacturing facility in Puerto Rico. These notes bear interest, which is payable quarterly, at a rate reset quarterly, equal to 81% of a Eurodollar base rate, not to exceed 12%. At December 31, 1996, the effective interest rate on these notes was approximately 4.5%.

The Company has an unsecured credit facility (the "credit facility") that includes a commitment expiring on June 23, 2000 for up to $150 million of borrowings under a revolving line of credit (the "revolving line commitment") and a commitment expiring on December 5, 1997 for up to an additional $73 million of letters of credit. As of December 31, 1996, $150 million was available under the revolving line commitment for borrowing and to support the

Company's commercial paper program. Also, as of December 31, 1996, letters of credit totaling $72.4 million were issued and outstanding to secure the Company's promissory notes and accrued interest thereon. Borrowings under the revolving line commitment bear interest at various rates which are a function of, at the Company's option, either the prime rate of a major bank, the federal funds rate or a Eurodollar base rate. Under the terms of the credit facility, the Company is required to meet a minimum interest coverage ratio and maintain a minimum level of tangible net worth. In addition, the credit facility contains limitations on investments, liens and sale/leaseback transactions.

The aggregate stated maturities of all long-term obligations due subsequent to December 31, 1996, are as follows: $118.2 million - 1997; $30 million - 1998; $6 million - 1999; none - 2000; none - 2001; and $23 million thereafter.

4. Contingencies

Johnson & Johnson arbitrations

In September 1985, the Company granted Johnson & Johnson a license relating to certain patented technology and know-how of the Company to sell a genetically engineered form of recombinant human erythropoietin, called Epoetin alfa, throughout the United States for all human uses except dialysis and diagnostics. Johnson & Johnson sells Epoetin alfa under the brand name PROCRIT(R).

A number of disputes have arisen between Amgen and Johnson & Johnson as to their respective rights and obligations under the various agreements between them, including the agreement granting the license (the "License Agreement"). These disputes have been the subject of arbitration proceedings before Judicial Arbitration and Mediation Services, Inc. in Chicago, Illinois commencing in January 1989. A dispute that has not yet been resolved and is the subject of the current arbitration proceeding relates to the audit methodology currently employed by the Company for Epoetin alfa sales. The Company and Johnson & Johnson are required to compensate each other for Epoetin alfa sales which either party makes into the other party's exclusive market. The Company has established and is employing an audit methodology to assign the proceeds of sales of EPOGEN and PROCRIT in Amgen's and Johnson & Johnson's respective exclusive markets. Based upon this audit methodology, the Company is seeking payment of approximately $12.6 million (excluding interest) from Johnson & Johnson for the period 1991 to 1994. Johnson & Johnson has disputed this methodology and is proposing an alternative methodology for adoption by the arbitrator pursuant to which it is seeking payment of approximately $423 million (including interest through December 1996) for the period 1989 through 1994. If as a result of the arbitration proceeding, a methodology different from that currently employed by the Company is instituted to assign the proceeds of sales between the parties, it may yield results that are different from the results of the audit methodology currently employed by the Company. As a result of the arbitration, it is possible that the Company would recognize a different level of EPOGEN sales than is currently being recognized. As a result of the arbitration, the Company may be required to pay additional

compensation to Johnson & Johnson for sales during prior periods, or Johnson & Johnson may be required to pay compensation to the Company for such prior period sales. While it is impossible to predict accurately or determine the outcome of these proceedings, based primarily upon the merits of its claims and based upon certain liabilities established due to the inherent uncertainty of any arbitrated result, the Company believes that the outcome of these proceedings will not have a material adverse effect on its financial statements. A trial commenced in March 1996, regarding the audit methodologies and compensation for sales by Johnson & Johnson into Amgen's exclusive market and sales by Amgen into Johnson & Johnson's exclusive market. In December 1996, testimony in the arbitration ended.

The Company has filed a demand in the arbitration to terminate Johnson & Johnson's rights under the License Agreement and to recover damages for breach of the License Agreement. A hearing on this demand will be scheduled following the adjudication of the audit methodologies for Epoetin alfa sales. On October 27, 1995, the Company filed a complaint in the Circuit Court of Cook County, Illinois, which is now pending in the United States District Court for the Northern District of Illinois, seeking an order compelling Johnson & Johnson to arbitrate the Company's claim for termination before the arbitrator. The Company is unable to predict at this time the outcome of the demand for termination or when it will be resolved.

On October 2, 1995, Johnson & Johnson filed a demand for a separate arbitration proceeding against the Company before the American Arbitration Association ("AAA") in Chicago, Illinois. Johnson & Johnson alleges in this demand that the Company has breached the License Agreement. The demand also includes allegations of various antitrust violations. In this demand, Johnson & Johnson seeks an injunction, declaratory relief, unspecified compensatory damages, punitive damages and costs. The Company has filed a motion to stay the arbitration pending the outcome of the existing arbitration proceedings before Judicial Arbitration and Mediation Services, Inc. discussed above. The Company has also filed an answer and counterclaim denying that the AAA has jurisdiction to hear or decide the claims stated in the demand, denying the allegations in the demand and counterclaiming for certain unpaid invoices.

Synergen ANTRIL (TM) litigation

Lawsuits have been filed against the Company's wholly-owned subsidiary, Amgen Boulder Inc. (formerly Synergen, Inc.), alleging misrepresentations in connection with Synergen's research and development of ANTRIL (TM) for the treatment of sepsis. One suit, filed by a limited partner of the partnership with which Amgen Boulder Inc. is affiliated, has been certified as a class action. That suit seeks rescission of certain payments made by the limited partners to the partnership (or unspecified damages not less than $52 million) and treble damages based on a variety of allegations relating to state and federal law claims. The plaintiffs in that suit also have filed a second amended complaint alleging violations of federal securities laws. In August and September 1996, the parties filed cross-motions for summary judgement. The Court heard argument on November 1, 1996. Since then, the parties'

representatives have reached a tentative settlement agreement which is subject to final approval by the Court and the approval of the limited partners of the partnership. Under its terms, the plaintiffs, who include present limited partners of the partnership, will receive $14.5 million in exchange for the transfer of ownership of their units; the suit will be dismissed with prejudice and the parties will exchange mutual releases. In a separate matter, two broker dealers who acted as market makers in Synergen, Inc. options have also filed a suit claiming in excess of $3.2 million in trading losses.

FoxMeyer Health Corporation

On January 10, 1997, FoxMeyer Health Corporation ("FMHC") filed suit alleging that defendant McKesson Corporation defrauded FMHC, misused confidential information received from FMHC about subsidiaries of FMHC (FoxMeyer Corporation and FoxMeyer Drug Corporation, collectively the "FoxMeyer Subsidiaries"), and attempted to monopolize the market for pharmaceutical and health care product distribution by attempting to injure or destroy the FoxMeyer Subsidiaries. The Company is named as one of twelve "Manufacturer Defendants" alleged to have conspired with McKesson Corporation in doing, among other things, the above and (i) inducing FMHC to refrain from seeking other suitable purchasers for the FoxMeyer Subsidiaries and (ii) causing FMHC to believe that McKesson Corporation was serious about purchasing FMHC's assets at fair value, when in fact, McKesson Corporation was not. The Manufacturer Defendants and McKesson Corporation are also alleged to have intentionally and tortiously interfered with a number of business expectancies and opportunities. The complaint seeks from the Manufacturer Defendants and McKesson Corporation compensatory damages of at least $400 million and punitive damages in an unspecified amount, as well as FMHC's costs and attorney's fees. On January 31, 1997, the Company filed an answer denying FMHC's allegations. On February 4, 1997, a notice of removal was filed in the Federal District Court for Dallas, Texas (the "District Court"), which was referred by the District Court to the Federal Bankruptcy Court in Dallas, Texas. Subsequently, on February 7, 1997, a motion to transfer venue was filed in the Federal Bankruptcy Court in Dallas, Texas, requesting that this matter be transferred to the Federal Bankruptcy Court in Delaware, where the FoxMeyer Subsidiaries' Chapter XI bankruptcy action is pending. The Company is a creditor in such bankruptcy proceeding.

False Claims Act matter

Amgen has been advised that it and certain purchasers of its products have been named as defendants in a civil lawsuit initiated by a former employee of Amgen in the United States District Court for the Eastern District of Pennsylvania. This suit was filed under the qui tam provisions of the Federal False Claims Act (the "Act") which permit an individual to bring suit in the name of the United States and share in any recovery. The suit alleges, among other things, that Amgen individually and in conspiracy with some of its customers violated the Act as a result of certain of its sales and reporting practices relating to its products. Under the law, the government must investigate the allegations and determine whether it wishes to intervene and take responsibility for the lawsuit. The lawsuit will

remain under seal until the government completes its investigation and determines whether to intervene. However, permission from the Court has been obtained by Amgen to make the disclosures contained herein. The Complaint seeks an order requiring Amgen to cease and desist from such allegedly improper practices, as well as treble damages in an unspecified amount plus a civil penalty of not less than $5,000 and not more than $10,000 for each alleged violation of the Act. If the government does not intervene, the plaintiff has the right to continue to pursue the claim on the government's behalf. Amgen is fully cooperating with the government's investigation and is engaged in ongoing discussions with it regarding the allegations. Amgen has advised the government that it disputes and will vigorously contest the allegations in the Complaint. Although it is too early in this action for Amgen to fully assess this matter or reliably predict its outcome, an unfavorable result in this matter could have a material adverse effect on the Company's results of operations in that period.

While it is not possible to predict accurately or determine the eventual outcome of the above described legal matters or various other legal proceedings (including patent disputes) involving Amgen, except with respect to the False Claims Act matter, the Company believes that the outcome of these proceedings will not have a material adverse effect on its financial statements.

5. Income taxes

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

	Years ended December 31,		
	1996	1995	1994
Current provision:			
Federal (including U.S. possessions)	$240.4	$211.5	$231.3
State	16.6	21.3	34.9
Total current provision	257.0	232.8	266.2
Deferred provision (benefit):			
Federal (including U.S. possessions)	24.1	25.1	0.5
State	1.4	(1.2)	1.9
Total deferred provision	25.5	23.9	2.4
	$282.5	$256.7	$268.6

Deferred income taxes reflect the net tax effects of net operating loss carryforwards and temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets and liabilities are as follows (in millions):

	December 31, 1996	December 31, 1995
Deferred tax assets:		
Net operating loss carryforwards	$ 83.3	$ 81.1
Expense accruals	55.9	61.0
Research collaboration expenses	19.0	17.4
Fixed assets	12.9	23.2
Royalty obligation buyouts	11.0	11.2
Other	9.5	12.4
Total deferred tax assets	191.6	206.3
Valuation allowance	(82.6)	(86.2)
Net deferred tax assets	109.0	120.1
Deferred tax liabilities:		
Purchase of technology rights	(45.0)	(29.7)
Other	(2.7)	(3.7)
Total deferred tax liabilities	(47.7)	(33.4)
	$ 61.3	$ 86.7

The net change in the valuation allowance for deferred tax assets during the year ended December 31, 1996 was a $3.6 million reduction.

At December 31, 1996, the Company had operating loss carryforwards available to reduce future federal taxable income which expire as follows (in millions):

1997 - 2002	$ 0.9
2003 - 2006	19.9
2007	26.7
2008	81.2
2009	81.9
	$210.6

These operating loss carryforwards relate to the acquisition of Synergen (see Note 1, "Research and development costs"). Utilization of these operating loss carryforwards is limited to approximately $16 million per year.

The provision for income taxes varies from income taxes provided based on the federal statutory rate as follows:

	Years ended December 31,		
	1996	1995	1994
Statutory rate applied to income before income taxes	35.0%	35.0%	35.0%
State income taxes, net of federal income tax benefit	1.2%	1.6%	4.1%
Benefit of Puerto Rico operations, net of Puerto Rico income taxes .	(6.8)%	(3.5)%	-
Write-off of in-process technology purchased, not deductible	-	-	6.9%
Other, net	-	(0.8)%	(0.3)%
	29.4%	32.3%	45.7%

Income taxes paid during the years ended December 31, 1996, 1995 and 1994, totaled $246 million, $100.8 million and $234.2 million, respectively.

6. Stockholders' equity

Stockholder Rights agreement

On January 24, 1989, the Company's Board of Directors declared a dividend of one common share purchase right ("Right") for each outstanding share of common stock. The Rights will become exercisable 10 days after a person acquires 10% or more of the common stock, or 10 days after a person announces a tender offer which would result in such person acquiring 10% or more of the common stock. Subject to certain conditions, the Rights may be redeemed by the Board of Directors. The current redemption price is $.0008 per Right, subject to adjustment. The Rights will expire on January 24, 1999.

Under certain circumstances, if an acquirer purchases 10% or more of the Company's outstanding common stock, each Rightholder (other than the acquirer) is entitled for a specified period to buy shares of common stock of the Company at 50% of the then current market price. The number of shares which a holder may purchase upon exercise will be determined by a formula which includes a current exercise price of $80 per share, subject to adjustment. If an acquirer purchases at least 10% of the Company's common stock, but has not achieved a 50% stake, the Board may exchange the Rights (other than the acquirer's Rights) for one share of common stock per Right. In addition, under certain circumstances, if the Company is involved in a merger or other business combination where it is not the surviving corporation, a Rightholder may buy shares of common stock of the acquiring company at 50% of the then current market value.

Stock repurchase program

The Company has a stock repurchase program to offset the dilutive effect of its employee benefit stock option and stock purchase plans. Stock repurchased under the program is retired. As of December 31, 1996, the Company was authorized to repurchase up to $450 million of its stock during 1997.

In connection with the Company's stock repurchase program, put warrants were sold to an independent third party in 1996. Each put warrant entitles the holder to sell one share of Amgen Inc. common stock to the Company at a specified price. On December 31, 1996, 2.7 million put warrants were outstanding with exercise prices ranging from $52.00 to $58.80 per share. The put warrants are exercisable only at maturity and expire at various dates from April 1997 to August 1997. In the event the put warrants are exercised, the Company may elect to pay the holder in cash the difference between the exercise price and the market price of the Company's shares, in lieu of repurchasing the stock. The maximum potential repurchase obligation of $157.4 million has been reclassified from stockholders' equity to put warrants as of December 31, 1996. In the event the put warrants expire unexercised, the liability associated with these instruments is extinguished.

Additionally during 1996, the Company purchased call options from an independent third party. Each call option entitles the Company to buy one share of Amgen Inc. common stock at a specified price. At December 31, 1996, 1.3 million call options were outstanding, with exercise prices ranging from $58.00 to $61.90 per share. The call options are exercisable only at maturity and expire at various dates from April 1997 to August 1997. In the event the call options are exercised, the Company may elect to receive cash for the difference between the exercise price and the market price of the Company's shares, in lieu of repurchasing the stock. The premiums received from the sale of the put warrants offset in full the cost of the call options.

Other

In addition to common stock, the Company's authorized capital includes 5 million shares of preferred stock, $.0001 par value. At December 31, 1996, no shares of preferred stock were issued or outstanding.

At December 31, 1996, the Company had reserved 379.8 million shares of its common stock which may be issued through its stock option and stock purchase plans and in connection with the stockholder Rights agreement.

In connection with the sale of limited partnership interests in Amgen Clinical Partners, L.P. (the "Limited Partnership"), Amgen issued warrants to the limited partners to purchase 36.3 million shares of its common stock in exchange for options to purchase the limited partners' interests in the Limited Partnership. Substantially all warrants were exercised prior to their expiration on June 30, 1994.

7. Stock option and purchase plans

The Company's stock option plans provide for option grants designated as either nonqualified or incentive stock options. The options generally vest over a three to five year period and generally expire seven years from the date of grant. Most employees are eligible to receive a grant of stock options periodically with the number of shares generally determined by the employee's salary grade, performance level and the stock price. In addition, certain management and professional level employees normally receive a stock option grant upon hire. As of December 31, 1996, the Company had 22.2 million shares of common stock available for future grant under its stock option plans.

Stock option information with respect to all of the Company's stock option plans follows (shares in millions):

		Exercise Price		
	Shares	Low	High	Weighted-Average
Balance December 31, 1993, unexercised	33.1	$ 1.76	$38.88	$13.72
Granted	8.5	$17.68	$29.50	$22.07
Exercised	(5.6)	$ 1.93	$28.00	$ 6.95
Forfeited	(1.0)	$ 3.69	$37.38	$21.92
Balance December 31, 1994, unexercised	35.0	$ 1.76	$38.88	$16.58
Granted	7.1	$28.94	$58.88	$39.62
Exercised	(8.1)	$ 1.93	$38.88	$12.87
Forfeited	(1.0)	$ 2.25	$39.88	$19.86
Balance December 31, 1995, unexercised	33.0	$ 1.76	$58.88	$22.35
Granted	4.6	$51.50	$64.13	$56.00
Exercised	(6.6)	$ 2.25	$55.75	$14.92
Forfeited	(.5)	$ 3.69	$61.88	$32.48
Balance December 31, 1996, unexercised	30.5	$ 1.76	$64.13	$29.00

At December 31, 1996, 1995 and 1994, stock options to purchase 15.7 million, 15.7 million and 17.7 million shares were exercisable at weighted-average prices of $20.53, $15.71 and $12.44, respectively.

The Company has an employee stock purchase plan whereby, in accordance with Section 423 of the Internal Revenue Code, eligible employees may authorize payroll deductions of up to 10% of their salary to purchase shares of the Company's common stock at the lower of 85% of the fair market value of common stock on the first or last day of the offering period. During each of the years ended December 31, 1996, 1995 and 1994, approximately 0.2 million shares were purchased by employees at prices of approximately $46.22, $24.76

and $20.88 per share, respectively. At December 31, 1996, the Company had 4.9 million shares available for future issuance under this plan.

Fair value disclosures

Stock option grants are set at the closing price of the Company's common stock on the date of grant and the related number of shares granted are fixed at that point in time. Therefore under the principles of APB Opinion No. 25, the Company does not recognize compensation expense associated with the grant of stock options. SFAS No. 123, "Accounting for Stock-Based Compensation," requires the use of option valuation models to provide supplemental information regarding options granted after 1994. Pro forma information regarding net income and earnings per share shown below was determined as if the Company had accounted for its employee stock options and shares sold under its stock purchase plan under the fair value method of that statement.

The fair value of the options was estimated at the date of grant using a Black-Scholes option pricing model with the following weighted-average assumptions for 1996 and 1995, respectively: risk-free interest rates of 6.4% and 5.9%; dividend yields of 0% and 0%; volatility factors of the expected market price of the Company's common stock of 34% and 33%; and expected life of the options of 3.4 years and 3.4 years. These assumptions resulted in weighted-average fair values of $18.25 and $12.40 per share for stock options granted in 1996 and 1995, respectively.

The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options. The Company's employee stock options have characteristics significantly different from those of traded options such as vesting restrictions and extremely limited transferability. In addition, the assumptions used in option valuation models (see above) are highly subjective, particularly the expected stock price volatility of the underlying stock. Because changes in these subjective input assumptions can materially affect the fair value estimate, in management's opinion, the existing models do not provide a reliable single measure of the fair value of its employee stock options.

For purposes of pro forma disclosures, the estimated fair value of the options is amortized over the options' vesting periods. The pro forma effect on net income for 1996 and 1995 is not representative of the pro forma effect on net income in future years because it does not take into consideration pro forma compensation expense related to grants made prior to 1995. Pro forma information in future years will reflect the amortization of a larger number of stock options granted in several succeeding years. The Company's pro forma information is as follows (in millions, except per share information):

	Years ended December 31, 1996	1995
Pro forma net income	$631.5	$517.6
Pro forma earnings per share:		
Primary	$2.26	$1.85
Fully diluted	$2.26	$1.82

Information regarding stock options outstanding as of December 31, 1996 is as follows (options in millions):

Options Outstanding				Options Exercisable	
Price Range	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life	Shares	Weighted-Average Exercise Price
Under $20.00	8.5	$12.00	2.56 years	7.0	$11.17
$20.00 - $40.00	16.9	$29.54	4.30 years	8.5	$27.68
Over $40.00	5.1	$55.26	6.39 years	0.2	$51.76

8. Balance sheet accounts

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

	December 31, 1996	1995
Land.....	$ 62.6	$ 59.1
Buildings.....	425.5	404.5
Manufacturing equipment.....	63.0	59.2
Laboratory equipment.....	174.9	148.9
Furniture and office equipment.....	266.2	200.4
Leasehold improvements.....	56.5	55.7
Construction in progress.....	252.5	105.6
	1,301.2	1,033.4
Less accumulated depreciation and amortization	(390.7)	(289.6)
	$ 910.5	$ 743.8

Accrued liabilities consisted of the following (in millions):

	December 31, 1996	1995
Income taxes	$ 86.8	$124.4
Employee compensation and benefits	83.4	70.8
Due to affiliated companies and corporate partners	79.8	76.0
Sales incentives, royalties and allowances	79.7	65.5
Deferred revenue	41.4	39.2
Other	78.6	83.8
	$449.7	$459.7

9. Fair values of financial instruments

The following is information concerning the fair values of each class of financial instruments:

Cash, cash equivalents and marketable securities

The carrying amounts of cash, cash equivalents and marketable securities approximate their fair values. Fair values of cash equivalents and marketable securities are based on quoted market prices.

Debt

The carrying values of commercial paper, debt securities and promissory notes approximate their fair values. The fair values were estimated based on quoted market rates for instruments with similar terms and remaining maturities.

Foreign currency contracts

The fair values of the foreign currency forward contracts and purchased foreign currency option contracts were not significant based on quoted market rates.

10. Major customers

Amgen uses wholesale distributors of pharmaceutical products as the principal means of distributing the Company's products to clinics, hospitals and pharmacies. The Company monitors the financial condition of its larger distributors and limits its credit exposure by setting appropriate credit limits and requiring collateral from certain of its customers. For the years ended December 31, 1996, 1995 and 1994, sales to two large wholesale distributors as a percentage of total revenues were 24% and 14%, 21% and 15%, and 22% and 16%, respectively.

11. Geographic information

Information about the Company's operations in the United States and its possessions, Europe, and other international markets, which include Canada, Australia and Japan is as follows (in millions):

	Years ended December 31,		
	1996	1995	1994
Sales to unaffiliated customers:			
United States and possessions	$1,803.5	$1,546.1	$1,333.8
Europe	257.6	254.7	193.0
Other	27.1	17.8	22.8
Transfers between geographic areas:			
United States and possessions	24.5	12.6	15.7
Other revenue	151.6	121.3	98.3
Adjustments and eliminations	(24.5)	(12.6)	(15.7)
Total revenues	$2,239.8	$1,939.9	$1,647.9

	Years ended December 31,		
	1996	1995	1994
Operating profit (loss):			
United States and possessions	$ 980.0	$801.7	$624.0
Europe	71.4	75.7	50.3
Other	(34.8)	(33.1)	(25.6)
Adjustments and eliminations	(5.7)	(1.7)	(2.8)
Total operating profit	1,010.9	842.6	645.9
Interest and other income, net	57.4	50.8	9.5
Loss of affiliates, net	(52.8)	(53.3)	(31.2)
General corporate expenses	(53.2)	(45.7)	(35.9)
Income before income taxes	$ 962.3	$794.4	$588.3

Operating profit (loss) represents revenue less operating expenses directly related to each geographic area. Operating profit (loss) excludes interest and other income, loss of affiliates, net and other expenses attributable to general corporate operations.

Included in the operating profit for the United States and its possessions is a write-off of in-process technology purchased of $116.4 million for the year ended December 31, 1994. Loss of affiliates, net includes the minority interest in earnings of majority controlled European affiliates of $55.3 million, $50.7 million and $30.9 million for the years ended December 31, 1996, 1995 and 1994, respectively.

Information about the Company's identifiable assets in each geographic area is as follows (in millions):

	December 31, 1996	1995
Identifiable assets:		
United States and possessions	$1,127.0	$ 964.0
Europe	123.5	70.5
Other	23.1	16.3
Adjustments and eliminations	(6.2)	1.7
Total identifiable assets	1,267.4	1,052.5
Corporate assets including equity method investments	1,498.2	1,380.3
Total assets	$2,765.6	$2,432.8

Identifiable assets are those assets of the Company that are identified with the operations in each geographic area. Europe's identifiable assets include accounts receivable of approximately $44.2 million and $54.7 million as of December 31, 1996 and 1995, respectively, denominated in foreign currencies. Corporate assets, which are excluded from identifiable assets, are principally comprised of cash, cash equivalents and marketable securities. At December 31, 1996 and 1995, total international assets approximated $207.3 million and $124.6 million, respectively, and total international liabilities approximated $68.1 million and $22.2 million, respectively.

12. Quarterly financial data (unaudited, in millions, except per share data):

1996 Quarter Ended	Dec. 31	Sept. 30	June 30	Mar. 31
Product sales.....	$559.1	$533.3	$518.9	$476.9
Gross margin from product sales	484.2	460.2	450.6	410.0
Net income.....	178.0	179.5	178.7	143.6
Earnings per share:				
Primary	.64	.64	.64	.51
Fully diluted	.64	.64	.64	.51

1995 Quarter Ended	Dec. 31	Sept. 30	June 30	Mar. 31
Product sales.....	$484.2	$460.6	$462.6	$411.2
Gross margin from product sales	418.4	396.5	386.2	344.6
Net income.....	145.6	145.8	137.7	108.6
Earnings per share:				
Primary	.52	.52	.49	.39
Fully diluted	.51	.51	.49	.39

13. Subsequent event (unaudited)

On February 18, 1997, the Board of Directors of the Company redeemed the Rights under the Company's common stock rights plan at a redemption price of $.0008 per Right (or an aggregate price of approximately $0.2 million) and declared and distributed a dividend of one preferred share purchase right (a "New Right") for each then outstanding share of common stock of the Company and authorized the distribution of one New Right with respect to each subsequently issued share of common stock. The New Rights and the redemption price are payable to stockholders of record on March 21, 1997.

Each New Right will entitle stockholders to buy one one-thousandth of a share of Series A Junior Participating Preferred Stock of the Company at an exercise price of $225. The New Rights will expire on March 21, 2007.

Under certain circumstances, if an acquiring person or group acquires 10% or more of the Company's outstanding common stock, an exercisable New Right will entitle its holder (other than the acquirer) to buy shares of common stock of the Company having a market value of two times the exercise price of one New Right. However, in limited circumstances approved by the outside directors of the Board, a stockholder who enters into an acceptable standstill agreement may acquire up to 20% of the outstanding shares without triggering the New Rights. If an acquirer acquires at least 10%, but less than 50%, of the Company's common stock, the Board may exchange each New Right (other than those of the acquirer) for one share of common stock per New Right. In addition, under certain circumstances, if the Company is involved in a merger or other business combination where it is not the surviving corporation, an exercisable New Right will entitle its holder to buy shares of common stock of the acquiring company having a market value of two times the exercise price of one New Right. The Company may redeem the New Rights at $.001 per New Right at any time prior to the public announcement that a 10% position has been acquired.

SCHEDULE II

AMGEN INC.

VALUATION ACCOUNTS

Years ended December 31, 1996, 1995 and 1994
(In millions)

	Balance at Beginning Of Period	Additions Charged to Costs and Expenses	Deductions	Balance at End of Period
Year ended December 31, 1996:				
Allowance for doubtful accounts	$13.8	$2.9	$4.9	$11.8
Year ended December 31, 1995:				
Allowance for doubtful accounts	$13.3	$5.4	$4.9	$13.8
Year ended December 31, 1994:				
Allowance for doubtful accounts	$12.2	$1.5	$0.4	$13.3

EXHIBIT 10.1

AMGEN INC.

AMENDED AND RESTATED 1991 EQUITY INCENTIVE PLAN

1. PURPOSE.

(a) The purpose of the Amended and Restated 1991 Equity Incentive Plan (the "Plan") is to provide a means by which employees or directors of and consultants to Amgen Inc., a Delaware corporation (the "Company"), and its Affiliates, as defined in paragraph 1(b), directly, or indirectly through Trusts, may be given an opportunity to benefit from increases in value of the stock of the Company through the granting of (i) incentive stock options, (ii) nonqualified stock options, (iii) stock bonuses, and (iv) rights to purchase restricted stock, all as defined below.

(b) The word "Affiliate" as used in the Plan means any parent corporation or subsidiary corporation of the Company, as those terms are defined in Sections 424(e) and (f), respectively, of the Internal Revenue Code of 1986, as amended (the "Code").

(c) The Company, by means of the Plan, seeks to retain the services of persons now employed by or serving as directors or consultants to the Company, to secure and retain the services of persons capable of filling such positions, and to provide incentives for such persons to exert maximum efforts for the success of the Company.

(d) The Company intends that the rights issued under the Plan ("Stock Awards") shall, in the discretion of the Board of Directors of the Company (the "Board") or any committee to which responsibility for administration of the Plan has been delegated pursuant to paragraph 2(c), be either (i) stock options granted pursuant to Sections 5 or 6 hereof, including incentive stock options as that term is used in Section 422 of the Code ("Incentive Stock Options"), or options which do not qualify as Incentive Stock Options ("Nonqualified Stock Options") (together hereinafter referred to as "Options"), or (ii) stock bonuses or rights to purchase restricted stock granted pursuant to Section 7 hereof.

(e) The word "Trust" as used in the Plan shall mean a trust created for the benefit of the employee, director or consultant, his or her spouse, or members of their immediate family. The word optionee shall mean the person to whom the option is granted or the employee, director or consultant for whose benefit the option is granted to a Trust, as the context shall require.

2. ADMINISTRATION.

(a) The Plan shall be administered by the Board unless and until the Board delegates administration to a committee, as provided in paragraph 2(c).

(b) The Board shall have the power, subject to, and within the limitations of, the express provisions of the Plan:

(1) To determine from time to time which of the persons eligible under the Plan shall be granted Stock Awards; when and how Stock Awards shall be granted; whether a Stock Award will be an Incentive Stock Option, a Nonqualified Stock Option, a stock bonus, a right to purchase restricted stock, or a combination of the foregoing; the provisions of each Stock Award granted (which need not be identical), including the time or times when a person shall be permitted to purchase or receive stock pursuant to a Stock Award; and the number of shares with respect to which Stock Awards shall be granted to each such person.

(2) To construe and interpret the Plan and Stock Awards granted under it, and to establish, amend and revoke rules and regulations for its administration. The Board, in the exercise of this power, may correct any defect, omission or inconsistency in the Plan or in any Stock Award, in a manner and to the extent it shall deem necessary or expedient to make the Plan fully effective.

(3) To amend the Plan as provided in Section 15.

(4) Generally, to exercise such powers and to perform such acts as the Board deems necessary or expedient to promote the best interests of the Company.

(c) The Board may delegate administration of the Plan to a committee composed of not fewer than two (2) members of the Board (the "Committee"). One or more of these members may be non-employee

directors and outside directors, if required and as defined by the provisions of paragraphs 2(d) and 2(e). If administration is delegated to a Committee, the Committee shall have, in connection with the administration of the Plan, the powers theretofore possessed by the Board (except amendment of Section 6 or the options granted thereunder shall only be by action taken by the Board or a committee of one or more members of the Board to which such authority has been specifically delegated by the Board), subject, however, to such resolutions, not inconsistent with the provisions of the Plan, as may be adopted from time to time by the Board. Notwithstanding anything else in this paragraph 2(c) to the contrary, at any time the Board or the Committee may delegate to a committee of one or more members of the Board the authority to grant or amend options to all employees, directors or consultants or any portion or class thereof.

(d) The term "non-employee director" shall mean a member of the Board who (i) is not currently an officer of the Company or a parent or subsidiary of the Company (as defined in Rule 16a-1(f) promulgated by the Securities and Exchange Commission under Section 16 of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) or an employee of the Company or a parent or subsidiary of the Company; (ii) does not receive compensation from the Company or a parent or subsidiary of the Company for services rendered in any capacity other than as a member of the Board (including a consultant) in an amount required to be disclosed to the Company's stockholders under Rule 404 of Regulation S-K promulgated by the Securities and Exchange Commission ("Rule 404"); (iii) does not possess an interest in any other transaction required to be disclosed under Rule 404; or (iv) is not engaged in a business relationship required to be disclosed under Rule 404, as all of these provisions are interpreted by the Securities and Exchange Commission under Rule 16b-3 promulgated under the Exchange Act.

(e) The term "outside director," as used in this Plan, shall mean an administrator of the Plan, whether a member of the Board or of any Committee to which responsibility for administration of the Plan has been delegated pursuant to paragraph 2(c), who is considered to be an "outside director" in accordance with the rules, regulations or interpretations of Section 162(m) of the Code.

(f) Any requirement that an administrator of the Plan be a "non-employee director" or "outside director" shall not apply if the Board or the Committee expressly declares that such requirement shall not apply.

3. SHARES SUBJECT TO THE PLAN.

(a) Subject to the provisions of Section 12 relating to adjustments upon changes in stock, the stock that may be issued pursuant to Stock Awards granted under the Plan shall not exceed in the aggregate Forty Eight Million (48,000,000) shares of the Company's $.0001 par value common stock (the "Common Stock"). If any Stock Award granted under the Plan shall for any reason expire or otherwise terminate without having been exercised in full, the Common Stock not purchased under such Stock Award shall again become available for the Plan. Shares repurchased by the Company pursuant to any repurchase rights reserved by the Company pursuant to the Plan shall not be available for subsequent issuance under the Plan.

(b) The Common Stock subject to the Plan may be unissued shares or reacquired shares, bought on the market or otherwise.

(c) An Incentive Stock Option may be granted to an eligible person under the Plan only if the aggregate fair market value (determined at the time the Incentive Stock Option is granted) of the Common Stock with respect to which incentive stock options (as defined by the Code) are exercisable for the first time by such optionee during any calendar year under all such plans of the Company and its Affiliates does not exceed one hundred thousand dollars ($100,000). If it is determined that an entire Option or any portion thereof does not qualify for treatment as an Incentive Stock Option by reason of exceeding such maximum, such Option or the applicable portion shall be considered a Nonqualified Stock Option.

4. ELIGIBILITY.

(a) Incentive Stock Options may be granted only to employees (including officers) of the Company or its Affiliates. A director of the Company shall not be eligible to receive Incentive Stock Options unless such director is also an employee of the Company or any Affiliate. Stock Awards other than Incentive Stock Options may be granted to employees (including officers) or directors of or consultants to the Company or any Affiliate or to Trusts of any such employee, director or consultant.

(b) A director shall in no event be eligible for the benefits of the Plan (other than from a Director NQSO under Section 6 of the Plan) unless and until such director is expressly declared eligible to participate in the Plan by action of the Board or the Committee, and only if, at any time discretion is exercised by the Board or the Committee in the selection of a director as a person to whom Stock Awards may be granted, or in the determination of the number

of shares which may be covered by Stock Awards granted to a director, the Plan complies with the requirements of Rule 16b-3 promulgated under the Exchange Act, as from time to time in effect. The Board shall otherwise comply with the requirements of Rule 16b-3 promulgated under the Exchange Act, as from time to time in effect. Notwithstanding the foregoing, the restrictions set forth in this paragraph 4(b) shall not apply if the Board or Committee expressly declares that such restrictions shall not apply.

(c) No person shall be eligible for the grant of an Incentive Stock Option under the Plan if, at the time of grant, such person owns (or is deemed to own pursuant to Section 424(d) of the Code) stock possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or of any of its Affiliates unless the exercise price of such Incentive Stock Option is at least one hundred and ten percent (110%) of the fair market value of the Common Stock at the date of grant and the Incentive Stock Option is not exercisable after the expiration of five (5) years from the date of grant.

(d) Stock Awards shall be limited to a maximum of 500,000 shares of Common Stock per person per calendar year, which reflects the Company's two for one stock split in August 1995.

5. TERMS OF DISCRETIONARY STOCK OPTIONS.

An option granted pursuant to this Section 5 (a "Discretionary Stock Option") shall be in such form and shall contain such terms and conditions as the Board or the Committee shall deem appropriate. The provisions of separate Options need not be identical, but each Option shall include (through incorporation of provisions hereof by reference in the Option or otherwise) the substance of each of the following provisions:

(a) No Option shall be exercisable after the expiration of ten (10) years from the date it was granted.

(b) The exercise price of each Incentive Stock Option and each Nonqualified Stock Option shall be not less than one hundred percent (100%) of the fair market value of the Common Stock subject to the Option on the date the Option is granted.

(c) The purchase price of Common Stock acquired pursuant to an Option shall be paid, to the extent permitted by applicable statutes and regulations, either: (i) in cash at the time the Option is exercised; or (ii) at the discretion of the Board or the Committee, either at the time of grant or exercise of the Option (A) by delivery to the Company of shares of Common Stock that have been held for the period required to avoid a charge to the Company's reported earnings and valued at the fair market value on the date of exercise, (B) according to a deferred payment or other arrangement with the person to whom the Option is granted or to whom the Option is transferred pursuant to paragraph 5(d), or (C) in any other form of legal consideration that may be acceptable to the Board or the Committee in their discretion; including but not limited to payment of the purchase price pursuant to a program developed under Regulation T as promulgated by the Federal Reserve Board which results in the receipt of cash (or a check) by the Company before Common Stock is issued or the receipt of irrevocable instruction to pay the aggregate exercise price of the Company from the sales proceeds before Common Stock is issued.

In the case of any deferred payment arrangement, interest shall be payable at least annually and shall be charged at not less than the minimum rate of interest necessary to avoid the treatment as interest, under any applicable provisions of the Code, of any amounts other than amounts stated to be interest under the deferred payment arrangement.

(d) An Option granted to a natural person shall be exercisable during the lifetime of such person only by such person, provided that such person during such person's lifetime may designate a Trust to be such person's beneficiary with respect to any Incentive Stock Options granted after February 25, 1992 and with respect to any Nonqualified Stock Options, and such beneficiary shall, after the death of the person to whom the Option was granted, have all the rights that such person has while living, including the right to exercise the Option. In the absence of such designation, after the death of the person to whom the Option is granted, the Option shall be exercisable by the person or persons to whom the optionee's rights under such Option pass by will or by the laws of descent and distribution.

(e) The total number of shares of Common Stock subject to an Option may, but need not, be allotted in periodic installments (which may, but need not, be equal). From time to time during each of such installment periods, the Option may become exercisable ("vest") with respect to some or all of the shares allotted to that period, and may be exercised with respect to some or all of the shares allotted to such period and/or any prior period as to which the Option was not fully exercised. During the remainder of the term of the Option (if its term extends beyond the end of the installment periods), the Option may be exercised from time to time with respect to any shares then remaining subject to the Option. The provisions of this paragraph 5(e) are subject to any Option provisions governing the minimum number of shares as to which an Option may be exercised.

(f) The Company may require any optionee, or any person to whom an Option is transferred under paragraph 5(d), as a condition of exercising any such Option: (i) to give written assurances satisfactory to the Company as to such person's knowledge and experience in financial and business matters and/or to employ a purchaser representative who has such knowledge and experience in financial and business matters, and that such person is capable of evaluating, alone or together with the purchaser representative, the merits and risks of exercising the Option; and (ii) to give written assurances satisfactory to the Company stating that such person is acquiring the Common Stock subject to the Option for such person's own account and not with any present intention of selling or otherwise distributing the Common Stock. These requirements, and any assurances given pursuant to such requirements, shall be inoperative if: (x) the issuance of the shares upon the exercise of the Option has been registered under a then currently effective registration statement under the Securities Act of 1933, as amended (the "Securities Act"); or (y) as to any particular requirement, a determination is made by counsel for the Company that such requirement need not be met in the circumstances under the then applicable securities law.

(g) An Option shall terminate three (3) months after termination of the optionee's employment or relationship as a

consultant or director with the Company or an Affiliate, unless: (i) such termination is due to the optionee's permanent and total disability, within the meaning of Section 422(c)(6) of the Code, in which case the Option may, but need not, provide that it may be exercised at any time within one (1) year following such termination of employment or relationship as a consultant or director; (ii) the optionee dies while in the employ of or while serving as a consultant or director to the Company or an Affiliate, or within not more than three (3) months after termination of such employment or relationship as a consultant or director, in which case the Option may, but need not, provide that it may be exercised at any time within eighteen (18) months following the death of the optionee by the person or persons to whom the optionee's rights under such Option pass by will or by the laws of descent and distribution; or (iii) the Option by its term specifies either (A) that it shall terminate sooner than three (3) months after termination of the optionee's employment or relationship as a consultant or director with the Company or an Affiliate; or (B) that it may be exercised more than three (3) months after termination of the optionee's employment or relationship as a consultant or director with the Company or an Affiliate. This paragraph 5(g) shall not be construed to extend the term of any Option or to permit anyone to exercise the Option after expiration of its term, nor shall it be construed to increase the number of shares as to which any Option is exercisable from the amount exercisable on the date of termination of the optionee's employment or relationship as a consultant or director.

(h) The Option may, but need not, include a provision whereby the optionee may elect at any time during the term of the optionee's employment or relationship as a consultant or director with the Company or any Affiliate to exercise the Option as to any part or all of the shares subject to the Option prior to the stated vesting dates of the Option. Any shares so purchased from any unvested installment or Option may be subject to a repurchase right in favor of the Company or to any other restriction the Board or the Committee determines to be appropriate.

(i) To the extent provided by the terms of an Option, each optionee may satisfy any federal, state or local tax withholding obligation relating to the exercise of such Option by any of the following means or by a combination of such means: (i) tendering a cash payment; (ii) authorizing the Company to withhold from the shares of the Common Stock otherwise issuable to the optionee as a result of the exercise of the Option a number of shares having a fair market value less than or equal to the amount of the withholding tax obligation; or (iii) delivering to the Company owned and unencumbered shares of the Common Stock having a fair market value less than or equal to the amount of the withholding tax obligation.

(j) Without in any way limiting the authority of the Board or Committee to make or not to make grants of Discretionary Stock Options under this Section 5, the Board or Committee shall have the authority (but not an obligation) to include as part of any Option agreement a provision entitling the optionee to a further Option (a "Re-Load Option") in the event the optionee exercises the Option evidenced by the Option agreement, in whole or in part, by surrendering other shares of Common Stock in accordance with this

Plan and the terms and conditions of the Option agreement. Any such Re-Load Option (i) shall be for a number of shares equal to the number of shares surrendered as part or all of the exercise price of such Option; (ii)
shall have an expiration date which is the same as the expiration date of the Option the exercise of which gave rise to such Re-Load Option; and (iii) shall have an exercise price which is equal to one hundred percent (100%) of the fair market value of the Common Stock subject to the Re-Load Option on the date of exercise of the original Option or, in the case of a Re-Load Option which is an Incentive Stock Option and which is granted to a 10% stockholder (as defined in paragraph 4(c)), shall have an exercise price which is equal to one hundred and ten percent (110%) of the fair market value of the Common Stock subject to the Re-Load Option on the date of exercise of the original Option.

Any such Re-Load Option may be an Incentive Stock Option or a Nonqualified Stock Option, as the Board or Committee may designate at the time of the grant of the original Option, provided, however, that the designation of any Re-Load Option as an Incentive Stock Option shall be subject to the one hundred thousand dollars ($100,000) annual limitation on exercisability of Incentive Stock Options described in paragraph 3(c) of the Plan and in Section 422(d) of the Code. There shall be no Re-Load Option on a Re-Load Option. Any such Re-Load Option shall be subject to the availability of sufficient shares under paragraph 3(a) and shall be subject to such other terms and conditions as the Board or Committee may determine.

6. TERMS OF NON-DISCRETIONARY OPTIONS

(a) On January 27 of each year commencing January 27, 1997, each person who is at that time an Eligible Director of the Company, (as defined in paragraph 6(k)), shall automatically be granted under the Plan, without further action by the Company, the Board, or the Company's stockholders, a Nonqualified Stock Option (a "Director NQSO") to purchase such number of shares of Common Stock as equals the result of $160,000 divided by the fair market value of the Common Stock on the date of grant subject to the terms and conditions set forth herein. An Eligible Director may designate that such Director NQSO be granted in the name of a Trust instead of in the name of such Eligible Director. The number of shares to be granted hereunder shall not be adjusted as provided for in Section 12. The number of shares granted pursuant to this paragraph 6(a) shall be rounded to the nearest one hundred (100) shares (rounding up if 50 shares); notwithstanding the foregoing, the number of shares that shall be granted pursuant to this paragraph 6(a) shall not exceed ten thousand (10,000) shares. The Director NQSO shall be on the terms and conditions set forth herein and should the date of grant set forth above be a Saturday, Sunday or legal holiday, such grant shall be made on the next business day.

(b) Each person who, after January 27 of any year commencing January 27, 1997 and prior to November 1 of any year, becomes an Eligible Director, shall, upon the date such person becomes an Eligible Director, automatically be granted under the Plan, without further action by the Company, the Board, or the

Company's stockholders, a Director NQSO to purchase such number of shares of Common Stock as equals the result of $400,000 divided by the fair market value of the Common Stock on the date of grant subject to the terms and conditions set forth herein. An Eligible Director may designate that such Director NQSO be granted in the name of a Trust instead of in the name of such Eligible Director. The number of shares to be granted under this Section 6 shall not be adjusted as provided for in Section 12.

The number of shares granted pursuant to this paragraph 6(b) shall be rounded to the nearest one hundred (100) shares (rounding up if 50 shares); notwithstanding the foregoing, the number of shares that shall be granted pursuant to this paragraph 6(b) shall not exceed ten thousand (10,000) shares. The Director NQSO shall be on the terms and conditions set forth herein and should the date of grant set forth above be a Saturday, Sunday or legal holiday, such grant shall be made on the next business day.

(c) Each Director NQSO granted pursuant to this Section 6 (or any Director Re-Load Option granted pursuant to paragraph 6(j)) shall be in such form and shall contain such terms and conditions as the Board or the Committee shall deem appropriate. The provisions of separate Director NQSO's need not be identical, but each Director NQSO shall include (through incorporation of provisions hereof by reference in the Director NQSO or otherwise) the substance of each of the following provisions as set forth in paragraphs 6(d) through 6(j), inclusive.

(d) The term of each Director NQSO shall be ten (10) years from the date it was granted.

(e) The exercise price of each Director NQSO shall be one hundred percent (100%) of the fair market value of the Common Stock subject to such Director NQSO on the date such Director NQSO is granted.

(f) The purchase price of Common Stock acquired pursuant to a Director NQSO shall be paid, to the extent permitted by applicable statutes and regulations, either (i) in cash at the time the Director NQSO is exercised; (ii) by delivery to the Company of shares of Common Stock that have been held for the period required to avoid a charge to the Company's reported earnings and valued at their fair market value on the date of exercise; or (iii) pursuant to a program developed under Regulation T as promulgated by the Federal Reserve Board which results in the receipt of cash (or a check) by the Company before Common Stock is issued or the receipt of irrevocable instructions to pay the aggregate exercise price to the Company from the sales proceeds before Common Stock is issued.

(g) A Director NQSO shall be exercisable during the lifetime of the Eligible Director with respect to whom it was granted only by the person to whom it was granted (whether the Eligible Director or a Trust), provided that such person during the Eligible Director's lifetime may designate a Trust to be a beneficiary with respect to the Director NQSO, and such beneficiary shall, after the death of the Eligible Director to whom the Director NQSO was granted, have all of the rights designated for such beneficiary. In the absence of such designation, after the death of the Eligible Director with respect to whom the Director NQSO was granted, if such Director NQSO was granted to the Eligible Director, the Director NQSO shall be exercisable by the person or persons to whom the optionee's rights

under such option pass by will or by the laws of descent and distribution.

(h) A Director NQSO shall not vest with respect to an Eligible Director, or the affiliate of such Eligible Director, as the case may be, (i) unless the Eligible Director, has, at the date of grant, provided three (3) years of prior continuous service as an Eligible Director, or (ii) until the date upon which such Eligible Director has provided one year of continuous service as an Eligible Director following the date of grant of such Director NQSO, whereupon such Director NQSO shall become fully vested and exercisable in accordance with its terms.

(i) The Company may require any optionee under this Section 6, or any person to whom a Director NQSO is transferred under paragraph 6(g), as a condition of exercising any such option: (i) to give written assurances satisfactory to the Company as to such person's knowledge and experience in financial and business matters and/or to employ a purchaser representative who has such knowledge and experience in financial and business matters, and that such person is capable of evaluating, alone or together with the purchaser representative, the merits and risks of exercising the Director NQSO; and (ii) to give written assurances satisfactory to the Company stating that such person is acquiring the Common Stock subject to the Director NQSO for such person's own account and not with any present intention of selling or otherwise distributing the stock. These requirements, and any assurances given pursuant to such requirements, shall be inoperative if (i) the issuance of the shares upon the exercise of the Director NQSO has been registered under a then currently effective registration statement under the Securities Act of 1933, as amended (the "Securities Act"), or (ii), as to any particular requirement, a determination is made by counsel for the Company that such requirement need not be met in the circumstances under the then applicable securities laws.

(j) Subject to the last sentence of this paragraph 6(j), each Director NQSO shall include a provision entitling the optionee to a further Nonqualified Stock Option (a "Director Re-Load Option") in the event the optionee exercises the Director NQSO evidenced by the Director NQSO grant, in whole or in part, by surrendering other shares of Common Stock in accordance with the Plan and the terms of the Director NQSO grant. Any such Director Re-Load Option (i) shall be for a number of shares equal to the number of shares surrendered as part or all of the exercise price of the original Director NQSO; (ii) shall have an expiration date which is the same as the expiration date of the original Director NQSO; and (iii) shall have an exercise price which is equal to one hundred percent (100%) of the fair market value of the Common Stock subject to the Director Re-Load Option on the date of exercise of the original Director NQSO. Any such Director Re-Load Option shall be subject to the availability of sufficient shares under paragraph 3(a). There shall be no Director Re-Load Option on a Director Re-Load Option.

(k) For purposes of this Section 6, the term "Eligible Director" shall mean a member of the Board who is not an employee of the Company or any Affiliate, and the term "affiliate" shall mean a person that directly or indirectly controls, is controlled by, or is under common control with, the Eligible Director.

7. TERMS OF STOCK BONUSES AND PURCHASES OF RESTRICTED STOCK.

Each stock bonus or restricted stock purchase agreement shall be in such form and shall contain such terms and conditions as the Board or the Committee shall deem appropriate. The terms and conditions of stock bonus or restricted stock purchase agreements may change from time to time, and the terms and conditions of separate agreements need not be identical, but each stock bonus or restricted stock purchase agreement shall include (through incorporation of provisions hereof by reference in the agreement or otherwise) the substance of each of the following provisions as appropriate:

(a) The purchase price under each stock purchase agreement shall be such amount as the Board or Committee shall determine and designate in such agreement. Notwithstanding the foregoing, the Board or the Committee may determine that eligible participants in the Plan may be awarded stock pursuant to a stock bonus agreement in consideration for past services actually rendered to the Company or for its benefit.

(b) No rights under a stock bonus or restricted stock purchase agreement shall be assignable by any participant under the Plan, either voluntarily or by operation of law, except where such assignment is required by law or expressly authorized by the terms of the applicable stock bonus or restricted stock purchase agreement.

(c) The purchase price of stock acquired pursuant to a stock purchase agreement shall be paid either: (i) in cash at the time of purchase; (ii) at the discretion of the Board or the Committee, according to a deferred payment or other arrangement with the person to whom the Common Stock is sold; or (iii) in any other form of legal consideration that may be acceptable to the Board or the Committee in their discretion; including but not limited to payment of the purchase price pursuant to a program developed under Regulation T as promulgated by the Federal Reserve Board which results in the receipt of cash (or a check) by the Company before Common Stock is issued or the receipt of irrevocable instruction to pay the aggregate exercise price of the Company from the sales proceeds before Common Stock is issued. Notwithstanding the foregoing, the Board or the Committee to which administration of the Plan has been delegated may award Common Stock pursuant to a stock bonus agreement in consideration for past services actually rendered to the Company or for its benefit.

(d) Shares of Common Stock sold or awarded under the Plan may, but need not, be subject to a repurchase option in favor of the Company in accordance with a vesting schedule to be determined by the Board or the Committee.

(e) In the event a person ceases to be an employee of or ceases to serve as a director or consultant to the Company or an Affiliate, the Company may repurchase or otherwise reacquire any or all of the shares of Common Stock held by that person which have not vested as of the date of termination under the terms of the stock bonus or restricted stock purchase agreement between the Company and such person.

8. CANCELLATION AND RE-GRANT OF OPTIONS.

The Board or the Committee shall have the authority to effect, at any time and from time to time, with the consent of the affected holders of Options, (i) the repricing of any outstanding Options under the Plan and/or (ii) the cancellation of any outstanding Options under the Plan and the grant in substitution therefor of new Options under the Plan covering the same or different numbers of shares of Common Stock, but having an exercise price per share not less than one hundred percent (100%) of the fair market value per share of Common
Stock on the new grant date or, in the case of a 10% stockholder (as defined in paragraph 4(c)), not less than one hundred and ten percent (110%) of the fair market value per share of Common Stock on the new grant date.

9. COVENANTS OF THE COMPANY.

(a) During the terms of the Stock Awards granted under the Plan, the Company shall keep available at all times the number of shares of Common Stock required to satisfy such Stock Awards up to the number of shares of Common Stock authorized under the Plan.

(b) The Company shall seek to obtain from each regulatory commission or agency having jurisdiction over the Plan such authority as may be required to issue and sell shares of Common Stock under the Stock Awards granted under the Plan; provided, however, that this undertaking shall not require the Company to register under the Securities Act either the Plan, any Stock Award granted under the Plan or any Common Stock issued or issuable pursuant to any such Stock Award. If, after reasonable efforts, the Company is unable to obtain from any such regulatory commission or agency the authority that counsel for the Company deems necessary for the lawful issuance and sale of Common Stock under the Plan, the Company shall be relieved from any liability for failure to issue and sell Common Stock upon exercise of such Stock Awards unless and until such authority is obtained.

10. USE OF PROCEEDS FROM COMMON STOCK.

Proceeds from the sale of Common Stock pursuant to Stock Awards granted under the Plan shall constitute general funds of the Company.

11. MISCELLANEOUS.

(a) The Board or Committee shall have the power to accelerate the time during which a Stock Award may be exercised or the time during which a Stock Award or any part thereof will vest, notwithstanding the provisions in the Stock Award stating the time during which it may be exercised or the time during which it will vest. Each Discretionary Stock Option providing for vesting pursuant to paragraph 5(e) shall also provide that if the employee's employment or a director's or consultant's affiliation with the Company is terminated by reason of death or disability (within the

meaning of Title II or XVI of the Social Security Act and as determined by the Social Security Administration), the vesting schedule of Discretionary Stock Options granted to such employee, director or consultant or to the Trusts of such employee, director or consultant shall be accelerated by twelve months for each full year the employee has been employed by or the director or consultant has been affiliated with the Company. Discretionary Stock Options granted under the Plan that are outstanding on February 25, 1992, shall be amended to include the accelerated vesting upon death provided for in the preceding sentence of this paragraph 11(a) and Discretionary Stock Options granted under the Plan that are outstanding on June 18, 1996, shall be amended to include the accelerated vesting upon disability provided for in the preceding sentence of this paragraph 11(a).

(b) Neither an optionee nor any person to whom an Option is transferred under the provisions of the Plan shall be deemed to be the holder of, or to have any of the rights of a holder with respect to, any shares subject to such Option unless and until such person has satisfied all requirements for exercise of the Option pursuant to its terms.

(c) Nothing in the Plan or any instrument executed or Stock Award granted pursuant thereto shall confer upon any eligible employee, consultant, director, optionee or holder of Stock Awards under the Plan any right to continue in the employ of the Company or any Affiliate or to continue acting as a consultant or director or shall affect the right of the Company or any Affiliate to terminate the employment or consulting relationship or directorship of any eligible employee, consultant, director, optionee or holder of Stock Awards under the Plan with or without cause. In the event that a holder of Stock Awards under the Plan is permitted or otherwise entitled to take a leave of absence, the Company shall have the unilateral right to (i) determine whether such leave of absence will be treated as a termination of employment or relationship as consultant or director for purposes hereof, and (ii) suspend or otherwise delay the time or times at which exercisability or vesting would otherwise occur with respect to any outstanding Stock Awards under the Plan.

12. ADJUSTMENTS UPON CHANGES IN COMMON STOCK.

If any change is made in the Common Stock subject to the Plan, or subject to any Stock Award granted under the Plan (through merger, consolidation, reorganization, recapitalization, stock dividend, dividend in property other than cash, stock split, liquidating dividend, combination of shares, exchange of shares, change in corporate structure or other transaction not involving the receipt of consideration by the Company), the Plan and outstanding Stock Awards will be appropriately adjusted in the class(es) and maximum number of shares subject to the Plan, the maximum number of shares which may be granted to a participant in a calendar year, and the class(es) and number of shares and price per share of stock subject to outstanding Stock Awards; provided, that the minimum and maximum number of shares of Common Stock to be granted as provided for in paragraphs 6(a) and 6(b) shall not be so adjusted. Such adjustment shall be made by the Board or the Committee, the

determination of which shall be final, binding and conclusive. (The conversion of any convertible securities of the Company shall not be treated as a "transaction not involving the receipt of consideration".)

13. CHANGE OF CONTROL.

(a) Notwithstanding anything to the contrary in this Plan, in the event of a Change in Control (as hereinafter defined), then, to the extent permitted by applicable law: (i) the time during which Stock Awards become vested shall automatically be accelerated so that the unvested portions of all Stock Awards shall be vested prior to the Change in Control and (ii) the time during which the Options may be exercised shall automatically be accelerated to prior to the Change in Control. Upon and following the acceleration of the vesting and

exercise periods, at the election of the holder of the Stock Award, the Stock Award may be: (x) exercised (with respect to Options) or, if the surviving or acquiring corporation agrees to assume the Stock Awards or substitute similar stock awards, (y) assumed; or (z) replaced with substitute stock awards. Options not exercised, substituted or assumed prior to or upon the Change in Control shall be terminated.

(b) For purposes of the Plan, a "Change of Control" shall be deemed to have occurred at any of the following times:

(i) upon 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 its affiliates, or any employee benefit plan of the Company or 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 of Common Stock or the combined voting power of the Company's then outstanding voting securities entitled to vote generally in the election of directors; or

(ii) at the time 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

(iii) immediately prior to 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; or

(iv) the occurrence of any other event which the Incumbent Board in its sole discretion determines constitutes a Change of Control.

14. QUALIFIED DOMESTIC RELATIONS ORDERS

(a) Anything in the Plan to the contrary notwithstanding, rights under Stock Awards may be assigned to an Alternate Payee to the extent that a QDRO so provides. (The terms "Alternate Payee" and "QDRO" are defined in paragraph 14(c) below.) The assignment of a Stock Award to an Alternate Payee pursuant to a QDRO shall not be treated as having caused a new grant. The transfer of an Incentive Stock Option to an Alternate Payee may, however, cause it to fail to qualify as an Incentive Stock Option. If a Stock Award is assigned to an Alternate Payee, the Alternate Payee generally has the same rights as the grantee under the terms of the Plan; provided however, that (i) the Stock Award shall be subject to the same vesting terms and exercise period as if the Stock Award were still held by the grantee, (ii) an Alternate Payee may not transfer a Stock Award and (iii) an Alternate Payee is ineligible for Re-Load Options described at paragraph 5(j) or Director Re-Load Options described at paragraph 6(j).

(b) In the event of the Plan administrator's receipt of a domestic relations order or other notice of adverse claim by an Alternate Payee of a grantee of a Stock Award, transfer of the proceeds of the exercise of such Stock Award, whether in the form of cash, stock or other property, may be suspended. Such proceeds shall thereafter be transferred pursuant to the terms of a QDRO or other agreement between the grantee and Alternate Payee. A grantee's ability to exercise a Stock Award may be barred if the Plan administrator receives a court order directing the Plan administrator not to permit exercise.

(c) The word "QDRO" as used in the Plan shall mean a court order (i) that creates or recognizes the right of the spouse, former spouse or child (an "Alternate Payee") of an individual who is granted a Stock Award to an interest in such Stock Award relating to marital property rights or support obligations and (ii) that the administrator of the Plan determines would be a "qualified domestic relations order," as that term is defined in section 414(p) of the Code and section 206(d) of the Employee Retirement Income Security Act ("ERISA"), but for the fact that the Plan is not a plan described in section 3(3) of ERISA.

15. AMENDMENT OF THE PLAN.

(a) The Board at any time, and from time to time, may amend the Plan. However, except as provided in Section 12 relating to adjustments upon changes in the Common Stock, no amendment shall

be effective unless approved by the stockholders of the Company within twelve (12) months before or after the adoption of the amendment, where the amendment will:

(i) increase the number of shares reserved for Stock Awards under the Plan;

(ii) modify the requirements as to eligibility for participation in the Plan (to the extent such modification requires stockholder approval in order for the Plan to satisfy the requirements of Section 422(b) of the Code); or

(iii) modify the Plan in any other way if such modification requires stockholder approval in order for the Plan to satisfy the requirements of Section 422(b) of the Code.

(b) The Board may in its sole discretion submit any other amendment to the Plan for stockholder approval, including, but not limited to, amendments to the Plan intended to satisfy the requirements of Section 162(m) of the Code and the regulations promulgated thereunder regarding the exclusion of performance-based compensation from the limit on corporate deductibility of compensation to certain executive officers.

(c) It is expressly contemplated that the Board may amend the Plan in any respect the Board deems necessary or advisable to provide optionees with the maximum benefits provided or to be provided under the provisions of the Code and the regulations promulgated thereunder relating to employee Incentive Stock Options and/or to bring the Plan and/or Options granted under it into compliance therewith.

(d) Rights and obligations under any Stock Award granted before amendment of the Plan shall not be impaired by any amendment of the Plan, unless: (i) the Company requests the consent of the person to whom the Stock Award was granted; and (ii) such person consents in writing.

15. TERMINATION OR SUSPENSION OF THE PLAN.

(a) The Board may suspend or terminate the Plan at any time. Unless sooner terminated, the Plan shall terminate on December 31, 2000. No Stock Awards may be granted under the Plan while the Plan is suspended or after it is terminated.

(b) Rights and obligations under any Stock Awards granted while the Plan is in effect shall not be impaired by suspension or termination of the Plan, except with the consent of the person to whom the Stock Award was granted.

16. EFFECTIVE DATE OF PLAN.

The Plan shall become effective as determined by the Board.

EXHIBIT 10.13

AMGEN INC.

AMENDED AND RESTATED 1987 DIRECTORS' STOCK OPTION PLAN

1. PURPOSE

(a) The purpose of the 1987 Directors' Stock Option Plan (the "Plan") is to provide a means by which each director of AMGEN INC. (the "Company") and its Affiliates, as defined in subparagraph 1(b), who is not otherwise an employee of the Company or any Affiliate (each such person being hereafter referred to as a "Non-Employee Director") may be given an opportunity to purchase stock of the Company.

(b) The word "Affiliate" as used in the Plan means any parent corporation or subsidiary corporation of the Company as those terms are defined in Sections 424(e) and (f), respectively, of the Internal Revenue Code of 1986, as amended (the "Code").

(c) The Company, by means of the Plan, seeks to retain the services of persons now serving as Non-Employee Directors of the Company, to secure and retain the services of persons capable of serving in such capacity, and to provide incentives for such persons to exert maximum efforts for the success of the Company.

(d) The Company intends that the options issued under the Plan not be incentive stock options as that term is used in Section 422 of the Code.

2. ADMINISTRATION

(a) The Plan shall be administered by the Board of Directors (the "Board") of the Company unless and until the Board delegates administration to a committee, as provided in subparagraph 2(c).

(b) The Board shall have the power, subject to, and within the limitations of, the express provisions of the Plan:

(1) To construe and interpret the Plan and options granted under it, and to establish, amend and revoke rules and regulations for its administration. The Board, in the exercise of this power, may correct any defect, omission or inconsistency in the Plan or in any option agreement, in a manner and to the extent it shall deem necessary or expedient to make the Plan fully effective.

(2) To amend the Plan as provided in paragraph 11.

(3) Generally, to exercise such powers and to perform such acts as the Board deems necessary or expedient to promote the best interests of the Company.

(c) The Board may delegate administration of the Plan to a committee composed of not fewer than two (2) members of the Board (the "Committee"). If administration is delegated to a Committee, the Committee shall have, in connection with the administration of the Plan, the powers theretofore possessed by the Board, subject, however, to such resolutions, not inconsistent with the provisions of the Plan, as may be adopted from time to time by the Board. The Board may abolish the Committee at any time and revest in the Board the administration of the Plan.

3. SHARES SUBJECT TO THE PLAN

(a) Subject to the provisions of paragraph 10 relating to adjustments upon changes in stock, the stock that may be sold pursuant to options granted under the Plan shall not exceed in the aggregate one million eight hundred thousand (1,800,000) shares of the Company's common stock. If any option granted under the Plan shall for any reason expire or otherwise terminate without having been exercised in full, the stock not purchased under such option shall again become available for the Plan.

(b) The stock subject to the Plan may be unissued shares or reacquired shares, bought on the market or otherwise.

4. ELIGIBILITY

Options shall be granted only to Non-Employee Directors of the Company, or an affiliate of such Non-Employee Directors.

5. NON-DISCRETIONARY GRANTS

(a) On January 27 of each year commencing January 27, 1992, each person who is at that time a Non-Employee Director of the Company, or an affiliate of such Non-Employee Director, shall automatically be granted under the Plan, without further action by the Company, the Board, or the Company's stockholders, an option to purchase three thousand five hundred (3,500) shares of common stock of the Company on the terms and conditions set forth herein. The number of shares to be granted hereunder shall not be adjusted as provided for in subparagraph 10(a), but, however, shall be adjusted by multiplying by a fraction, the numerator of which is forty dollars ($40.00) per share and the denominator of which is the fair market value of the common stock of the Company on the date of grant. The number of shares granted pursuant to this subparagraph 5(a) shall be rounded to the nearest one hundred (100) shares (rounding up if 50 shares); notwithstanding the foregoing, the number of shares that shall be granted pursuant to this subparagraph 5(a) shall not be less than two thousand (2,000) nor shall it exceed five thousand (5,000) shares. The option shall be on the terms and conditions set forth herein and should the date of grant set forth above be a Saturday, Sunday or legal holiday, such grant shall be made on the next business day.

(b) Each person who, after January 27 of any year commencing January 27, 1991 and prior to November 1 of any year, becomes a Non-Employee Director, or an affiliate of such Non-Employee Director, shall, upon the date he or such affiliate becomes a Non-Employee Director, automatically be granted under the Plan, without further action by the Company, the Board, or the Company's stockholders, an option to purchase three thousand five hundred (3,500) shares of common stock of the Company on the terms and conditions set forth herein. The number of shares to be granted hereunder shall not be adjusted as provided for in subparagraph 10(a), but, however, shall be adjusted by multiplying by a fraction, the numerator of which is forty dollars ($40.00) per share and the denominator of which is the fair market value of the common stock of the Company on the date of grant. The number of shares granted pursuant to this subparagraph 5(b) shall be rounded to the nearest one hundred (100) shares (rounding up if 50 shares); notwithstanding the foregoing, the number of shares that shall be granted pursuant to this subparagraph 5(b) shall not be less than two thousand (2,000) nor shall it exceed five thousand (5,000) shares. The option shall be on the terms and conditions set forth herein and should the date of grant set forth above be a Saturday, Sunday or legal holiday, such grant shall be made on the next business day.

6. OPTION PROVISIONS

Each option shall be in such form and shall contain such terms and conditions as the Board or the Committee shall deem appropriate. The provisions of separate options need not be identical, but each option shall include (through incorporation of provisions hereof by reference in the option or otherwise) the substance of each of the following provisions:

(a) The term of each option shall be ten (10) years from the date it was granted.

(b) The exercise price of each option shall be one hundred percent (100%) of the fair market value of the stock subject to such option on the date such option is granted.

(c) The purchase price of stock acquired pursuant to an option shall be paid, to the extent permitted by applicable statutes and regulations, either (i) in cash at the time the option is exercised or (ii) by delivery to the Company of shares of common stock that have been held for the period required to avoid a charge to the Company's reported earnings and valued at their fair market value on the date of exercise. Options granted under the Plan that are outstanding on April 2, 1991, shall be amended to include the right to exercise with common stock of the Company as provided for in this subparagraph 6(c).

(d) An option granted to a natural person shall be exercisable during the lifetime of such person only by such person, provided that such person during such person's lifetime may designate an affiliate of such person to be such person's beneficiary with respect to the Option, and such beneficiary shall, after the death of the person to whom the Option was granted, have all of the rights that such person

had while living, including the right to exercise the Option. In the absence of such designation, after the death of the person to whom the Option is granted, the Option shall be exercisable by the person or persons to whom the optionee's rights under such Option pass by will or by the laws of descent and distribution.

(e) An option shall not vest with respect to each optionee (i) unless the optionee, or the affiliate of such optionee, as the case may be, has, at the date of grant, provided three (3) years of prior continuous service as a Non-Employee Director, or (ii) until the date upon which such optionee or the affiliate of such optionee, as the case may be, has provided one year of continuous service as a Non-Employee Director following the date of grant of such option, whereupon such option shall become fully exercisable in accordance with its terms, provided that, if the optionee, or the affiliate of such optionee, as the case may be, has, at the date of grant, provided three (3) years of prior continuous service as a Non-Employee Director, such option shall not become exercisable for six (6) months after the date of grant (even though such option shall be fully vested as of the date of grant).

(f) The Company may require any optionee, or any person to whom an option is transferred under subparagraph 6(d), as a condition of exercising any such option: (1) to give written assurances satisfactory to the Company as to the optionee's knowledge and experience in financial and business matters; and (2) to give written assurances satisfactory to the Company stating that such person is acquiring the stock subject to the option for such person's own account and not with any present intention of selling or otherwise distributing the stock. These requirements, and any assurances given pursuant to such requirements, shall be inoperative if (i) the issuance of the shares upon the exercise of the option has been registered under a then currently effective registration statement under the Securities Act of 1933, as amended (the "Securities Act"), or (ii), as to any particular requirement, a determination is made by counsel for the Company that such requirement need not be met in the circumstances under the then applicable securities laws.

(g) Subject to the last sentence of this subparagraph 6(g), each option granted after April 2, 1991, under the Plan shall include and all outstanding options under the Plan on April 2, 1991 shall be amended to include a provision entitling the optionee to a further option (a "Reload Option") in the event the optionee exercises the option evidenced by the option grant, in whole or in part, by surrendering other shares of common stock of the Company in accordance with the Plan and the terms of the option grant. Any such Reload Option (i) shall be for a number of shares equal to the number of shares surrendered as part or all of the exercise price of the original option; (ii) shall have an expiration date which is the same as the expiration date of the original option; and (iii) shall have an exercise price which is equal to one hundred percent (100%) of the fair market value of the common stock subject to the Reload Option on the date of exercise of the original option; and (iv) shall be granted

first under this subparagraph 6(g) of the Plan (if the Plan is still in effect) or under paragraph 6(j) of the Amgen Inc. 1991 Equity Incentive Plan to the extent shares of Common Stock are available under that plan. The grant of any such Reload Option shall be subject to the availability of sufficient shares under subparagraph 3(a) of the Plan or under Section 3 of the Amgen Inc. 1991 Equity Incentive Plan and shall be subject to such other terms and conditions as the Board or Committee may determine. There shall be no Reload Option on a Reload Option.

7. COVENANTS OF THE COMPANY

(a) During the terms of the options granted under the Plan, the Company shall keep available at all times the number of shares of stock required to satisfy such options.

(b) The Company shall seek to obtain from each regulatory commission or agency having jurisdiction over the Plan such authority as may be required to issue and sell shares of stock upon exercise of the options granted under the Plan; provided, however, that this undertaking shall not require the Company to register under the Securities Act either the Plan, any option granted under the Plan, or any stock issued or issuable pursuant to any such option. If the Company is unable to obtain from any such regulatory commission or agency the authority which counsel for the Company deems necessary for the lawful issuance and sale of stock under the Plan, the Company shall be relieved from any liability for failure to issue and sell stock upon exercise of such options unless and until such authority is obtained.

8. USE OF PROCEEDS FROM STOCK

Proceeds from the sale of stock pursuant to options granted under the Plan shall constitute general funds of the Company.

9. MISCELLANEOUS

(a) Neither an optionee nor any person to whom an option is transferred under subparagraph 6(d) shall be deemed to be the holder of, or to have any of the rights of a holder with respect to, any shares subject to such option unless and until such person has satisfied all requirements for exercise of the option pursuant to its terms.

(b) Throughout the term of any option granted pursuant to the Plan, the Company shall make available to the holder of such option, not later than one hundred twenty (120) days after the close of each of the Company's fiscal years during the option term, upon request, such financial and other information regarding the Company as comprises the annual report to the stockholders of the Company provided for in the by-laws of the Company and such other information regarding the Company as the holder of such option may reasonably request.

10. ADJUSTMENTS UPON CHANGES IN STOCK

(a) If any change is made in the stock subject to the Plan, or subject to any option granted under the Plan (through merger, consolidation, reorganization, recapitalization, stock dividend, dividend in property other than cash, stock split, liquidating dividend, combination of shares, exchange of shares, change in corporate structure or other transaction not involving the receipt of consideration by the Company), the Plan and outstanding options will be appropriately adjusted in the class(es) and maximum number of shares subject to the Plan and the class(es) and number of shares and price per share of stock subject to outstanding options; provided, that the minimum and maximum number of shares of common stock to be granted as provided for in subparagraphs 5(a) and 5(b) shall not be adjusted for any stock split, combination of shares or common stock dividend. Such adjustments shall be made by the Board, the determination of which shall be final, binding and conclusive. (The conversion of any convertible securities of the Company shall not be treated as a "transaction not involving the receipt of consideration by the Company".)

(b) Notwithstanding anything to the contrary in this Plan, in the event of a Change in Control (as hereinafter defined), then, to the extent permitted by applicable law: (i) the time during which options become vested shall automatically be accelerated so that the unvested portions of all options shall be vested prior to the Change in Control and (ii) the time during which the options may be exercised shall automatically be accelerated to prior to the Change of Control. Upon or after the acceleration of the vesting and exercise periods, at the election of the holders of the options, the options may be: (x) exercised or, if the surviving or acquiring corporation agrees to assume the options or substitute similar options, (y) assumed; or (z) replaced with substitute options. Options not exercised, substituted or assumed prior to or upon the Change in Control shall be terminated.

(c) For purposes of the Plan, a "Change of Control" shall be deemed to have occurred at any of the following times:

(i) Upon 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 Securities Exchange Act of 1934 as amended (the "Exchange Act") (excluding, for this purpose, the Company or its affiliates, or any employee benefit plan of the Company or 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 of Common Stock or the combined voting power of the Company's then outstanding voting securities entitled to vote generally in the election of directors; or

(ii) At the time individuals who, as of October 23, 1995, 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 October 23, 1995, 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

(iii) Immediately prior to 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.

11. AMENDMENT OF THE PLAN

(a) The Board at any time, and from time to time, may amend the Plan and/or some or all outstanding options granted under the Plan; provided, however, that the Board shall not amend the Plan more than once every six months with respect to the provisions of the Plan relating to the amount, price, and timing of grants, other than to comply with changes in the Code, the Employee Retirement Income Security Act of 1974, as amended, or the rules thereunder.

(b) Rights and obligations under any option granted before amendment of the Plan shall not be impaired by any amendment of the Plan, except with the consent of the person to whom the option was granted.

12. TERMINATION OR SUSPENSION OF THE PLAN

(a) The Board may suspend or terminate the Plan at any time. Unless sooner terminated, the Plan shall terminate ten (10) years from the date the Plan is adopted by the Board. No options may be granted under the Plan while the Plan is suspended or after it is terminated.

(b) Rights and obligations under any option granted while the Plan is in effect shall not be impaired by suspension or termination of the Plan, except with the consent of the person to whom the option was granted.

13. EFFECTIVE DATE OF PLAN

The Plan became effective as of January 27, 1987. No options granted under the Plan as the result of the amendments on July 24, 1990 and April 2, 1991 shall be exercisable unless and until said amendment is approved by the stockholders of the Company, and to the extent required or necessary under applicable law, amendments made on April 2, 1991 shall not be effective until approved by the stockholders of the Company.

EXHIBIT 10.35

AMGEN

PERFORMANCE BASED

MANAGEMENT INCENTIVE PLAN

I. PURPOSE

This Amgen Performance Based Management Incentive Plan (MIP) is established to:

A. Attract and retain persons of outstanding competence.

B. Broaden the total compensation program.

C. Stimulate outstanding effort to bring about exceptional operating performance and to reward the contributors to this performance by providing them with a share of the resulting benefits.

The Plan is intended to supplement the participant's base salary and result in total cash compensation for above average performance which exceeds the average compensation levels of comparable companies.

II. BASIC CONCEPTS

Since the purpose of this Management Incentive Plan is to stimulate and reward outstanding performance in the accomplishment of specific objectives, it necessarily follows that the plan must be formally integrated with the objectives of the total management system. The incentive plan should thus support a continuing and meaningful emphasis on the effective use of goal setting and management by objectives and be aligned with the goals reflected in the approved Annual Plan of the company.

Annual plans shall be developed under the following basic concepts:

A. The advance identification of the participants in the plan and the establishment of specific performance objectives and the basis of participation for each.

B. The establishment of a range in the actual awards available under the plan to reflect the achievements of the respective participants as well as the achievement of the financial and technical performance objectives reflected in the Company's approved Annual Plan.

III. ELIGIBILITY

A. Participation in the Amgen Management Incentive Plan shall be limited to all executive officers of the company and certain other key employees nominated by the Chairman of the Board and approved by the Compensation Committee of the Board of Directors.

B. Unless otherwise specifically authorized by the Compensation Committee, persons approved for participation in the Amgen Management Incentive Plan shall be excluded from participation in any other cash bonus or incentive program.

IV BASIS OF PARTICIPATION

A. Participants will share in the Incentive Plan on the basis of percentages established in advance -- as recommended by the Chairman and approved by the Compensation Committee of the Board of Directors as part of the annual compensation plan.

B. The extent of participation for individuals in the plan

shall be developed in accordance with the following:

1. In connection with the planning of their performance objectives for the MIP year, the Chairman shall recommend (for approval by the Compensation Committee) the individual participants, the extent of participation and the average overall target incentive (expressed as a % of the base pay of the participants) to be awarded for achieving the Annual Plan objectives and all of the goals of the participants.

2. In establishing the overall target percentage of base pay of participants in B.1 (above), the level of participation for each participant (as a % of base pay) shall be established in accordance with guidelines established by the Compensation Committee.

   (a) Because of the many variables in establishing base salary structures, the plan does not contemplate achieving any degree of uniformity in the relationship of awards to base pay. Therefore, target ranges will be rather broad. Individual target participation should be based upon consideration of:

      (1) Relative significance of the individual's function in directly influencing the performance of the company.

      (2) Relative performance rating of the individual.

      (3) Length of time in position and/or Plan.

Generally, it should be expected that initial percentages for new participants will be set at levels which allow for gradual increases within the established range based upon participant's performance.

(4) The relative competitive total compensation for the respective positions.

C. The overall target incentive (as established in accordance with IV.B.2) shall become the basis for establishing the "Target Pool" for achievement of the objectives detailed in the Plan, and be converted into a formula established by the Compensation Committee to reflect the key elements of Annual Plan Performance.

1. The incentive formula shall provide for upward/downward adjustment of the target pool to reflect actual performance -- with the upward adjustment, resulting from a very significant over-achievement of the key factors of performance measurement identified in the Plan, subject to a maximum established annually by the Compensation Committee, which in no event shall be more than 150% of the target pool.

D. The target incentive for each participant (as established in IV.B) shall be converted into a percentage of the Target Pool.

1. Actual awards under the Plan shall be determined by applying the actual percentage earned by the participant to the actual incentive pool determined in accordance with IV.C. Thus, the final awards to participants are dependent upon two interrelated factors: (1) the availability of an incentive pool as a result of the overall company performance; and (2) the achievements of the respective participants as measured by their performance.

E. The participation for each individual shall be established as follows:

1. All of the total planned participation should be identified with specific goals relating to the performance of the respective participants.

(a) Specific goals should number at least 4 and generally not more than 6. They should generally be selected from the total performance goals and relate to significant and measurable areas that require special attention during the current year. The purpose is to add special emphasis to those particular activities and reward for their accomplishments. From year-to-year, it is expected that the emphasis will change both in relation to the selected goals as well as to the importance of the percentage participation attached to them.

(b) Specific goals should generally be precise in establishing the targets and the basis for measurement of accomplishment. Wherever there can be variations in the degree of accomplishment (such as a dollar target for total revenues or joint ventures; a target for filing IND's or PLA's; etc.), the range of percentage participation relating to the levels of accomplishment should be clearly stated.

(c) Where specific goals relate to dollar objectives, they should be identified with or reconciled to amounts reflected in the company's approved Annual Plan.

(d) Final award for participant's specific goal achievement may be adjusted upward by as much as 50% from the target percentage included in the original plan (as established in IV.D), provided that:

(1) The performance reflects a substantial improvement over amounts reflected in the original goal, as defined in the ranges established under (b) above.

(e) If operating conditions during the year make it desirable to change emphasis on established goals or to establish new goals, a revised plan should be submitted with the same approvals as for the original Plan.

ADMINISTRATION

A. The overall administration of this Management Incentive Plan shall be under the direction of the Compensation Committee of the Board of Directors.

B. Responsibility for the operating administration of the Plan shall be under the direction of the company's Vice President of Human Resources.

VI. DETERMINATION OF AWARDS

A. Promptly following the close of the Plan year, the respective managers shall evaluate the performance of the participants, determine the amount of recommended awards (in terms of % achievement) and forward for review and approval. In all cases the recommended award shall be determined only after a self-assessment has been completed.

B. The final determination of the Incentive Pool will be made by the Compensation Committee, promptly following the availability of year-end financial and technical results.

C. Dollar awards to participants will be computed by applying the percent achievement determined in accordance with A. above to the final pool determined in accordance with B. above subject to the limitation that the maximum amount payable to any participant may not exceed $900,000.

VII. PAYMENTS, TERMINATION OF EMPLOYMENT AND GENERAL CONDITIONS

A. Payments to participants who have been determined to be entitled to an award will be made in cash generally not later than sixty (60) days following the close of the Fiscal Year.

B. If a participant dies or employment is terminated for any reason prior to the end of the Plan year, the payment of any award (and in the case of death, the person or persons to whom such payment shall be made) shall be determined at the sole discretion of the Committee.

C. While it is the intent of the company to continue such Plan during any year for which it is established and to make awards to participants in accordance with these policies and guidelines, the company reserves the right to amend, modify or terminate any Plan, or any participant's participation in such plan at any time or on such conditions as the Compensation Committee shall deem appropriate. No participant shall have any right to any award under the Plan until such award and the amount thereof has been finally approved by the Compensation Committee and communicated to such participant after the end of the year for which the award is being made.

EXHIBIT 10.43

FIFTH AMENDMENT TO THE
AMGEN RETIREMENT AND SAVINGS PLAN

(As Amended and Restated Effective January 1, 1993 and as Amended)

The Amgen Retirement and Savings Plan (Amended and Restated Effective January 1, 1993) (as amended, the "Plan") is hereby amended, effective as of January 1, 1993, in the following respects:

1. Section 2.21 of the Plan is amended to read in its entirety as follows:

2.20 "Employee" means an individual who (a) is a common-law employee of a member of the Affiliated Group or (b) is a "leased employee" (within the meaning of section 414(n) of the Code) with respect to a member of the Affiliated Group. "Employee" shall not include a nonresident alien who receives no earned income (within the meaning of section 911(b) of the Code) from a member of the Affiliated Group that constitutes income from sources within the United States (within the meaning of section 861(a) (3) of the Code).

2. The following new Section 2.36 is added and the current Sections in Article 2, and references thereto, are renumbered accordingly.

2.36 "Payroll" means the system used by an entity to pay those individuals it regards as its employees for their services and to withhold employment taxes from the compensation it pays to such employees. "Payroll" does not include any system the entity uses to pay individuals whom it does not regard as its employees and for whom it does not actually withhold employment taxes (including, but not limited to, individuals it regards as independent contractors.)

3. Section 3.1 of the Plan is amended to read in its entirety as follows:

3.3. "Eligible Employee" means an Employee of a Participating Company who is described in (a) or (b) and is not excluded under (c). An individual's status as an Eligible Employee shall be determined by the Company and its determination shall be conclusive and binding on all persons.

(A) Regular Full-Time Employee. Unless excluded under (c) below, an individual classified by a Participating Company as a "regular full-time employee" is an Eligible Employee.

(B) Regular Part-Time Employee. Unless excluded under (c) below, an individual classified by a Participating Company as a "regular part-time employee," including a temporary employee or intern, shall become an Eligible Employee upon completion of a Year of Service.

(C) Excluded Individuals. An individual shall not be an Eligible Employee for any period in which he or she is:

(1) Included in a unit of employees covered by a collective-bargaining agreement that does not provide that such individual shall be eligible to participate in the Plan;

(2) Subject to a written agreement that provides that such individual shall not be eligible to participate in the Plan;

(3) Employed by a non-U.S. subsidiary of the Company;

(4) Not on the Payroll of a Participating Company but is deemed, for any reason, to be an Employee; or

(5) A "leased employee" (within the meaning of section 414(n) of the code) with respect to a member of the Affiliated Group or would be a leased employee but for the period-of-service requirement of Code section

414(n) (2) (B).

If, during any period, a member of the Affiliated Group has not regarded an individual as an Employee and, for that reason, has not withheld employment taxes with respect to that individual, then that individual shall not be an Eligible Employee for that period, even in the event that the individual is determined, retroactively, to have been an Employee during all or any portion of that period.

To record this Fifth Amendment to the Plan as set forth herein, the Company has caused its authorized officer to execute this document this 9th day of December, 1996.

Amgen Inc.

By: /S/ George A. Vandeman

Title: Senior Vice President
and General Counsel

EXHIBIT 10.44

SECOND AMENDMENT TO THE
AMGEN RETIREMENT AND SAVINGS PLAN

(As Amended and Restated Effective April 1, 1996 and as Amended)

The Amgen Retirement and Savings Plan (As Amended and Restated Effective April 1, 1996) (as amended, the "Plan") is hereby amended, effective as of April 1, 1996, in the following respects:

1. Section 2.20 of the Plan is amended to read in its entirety as follows:

2.20 "Employee" means an individual who (a) is a common-law employee of a member of the Affiliated Group or (b) is a "leased employee" (within the meaning of section 414(n) of the Code) with respect to a member of the Affiliated Group. "Employee" shall not include a nonresident alien who receives no earned income (within the meaning of section 911(b) of the Code) from a member of the Affiliated Group that constitutes income from sources within the United States (within the meaning of section 861(a) (3) of the Code).

2. The following new Section 2.36 is added and the current Sections in Article 2, and references thereto, are renumbered accordingly.

2.36 "Payroll" means the system used by an entity to pay those individuals it regards as its employees for their services and to withhold employment taxes from the compensation it pays to such employees. "Payroll" does not include any system the entity uses to pay individuals whom it does not regard as its employees and for whom it does not actually withhold employment taxes (including, but not limited to, individuals it regards as independent contractors).

3. Section 3.3 of the Plan is amended to read in its entirety as follows:

3.3. "Eligible Employee" means an Employee of a Participating Company who is described in (a) or (b) and is not excluded under (c). An individual's status as an Eligible Employee shall be determined by the Company and its determination shall be conclusive and binding on all persons.

(A) Regular Full-Time Employee. Unless excluded under (c) below, an individual classified by a Participating Company as a "regular full-time employee" is an Eligible Employee.

(B) Regular Part-Time Employee. Unless excluded under (c) below, an individual classified by a Participating Company as a "regular part-time employee," including a temporary employee or intern, shall become an Eligible Employee upon completion of a Year of Service.

(C) Excluded Individuals. An individual shall not be an Eligible Employee for any period in which he or she is:

(1) Included in a unit of employees covered by a collective-bargaining agreement that does not provide that such individual shall be eligible to participate in the Plan;

(2) Subject to a written agreement that provides that such individual shall not be eligible to participate in the Plan;

(3) Employed by a non-U.S. subsidiary of the Company;

(4) Not on the Payroll of a Participating Company but is deemed, for any reason, to be an Employee; or

(5) A "leased employee" (within the meaning of section 414(n) of the code) with respect to a member of the Affiliated Group or would be a leased employee but for the period-of-service requirement of Code section

414(n) (2) (B).

If, during any period, a member of the Affiliated Group has not regarded an individual as an Employee and, for that reason, has not withheld employment taxes with respect to that individual, then that individual shall not be an Eligible Employee for that period, even in the event that the individual is determined, retroactively, to have been an Employee during all or any portion of that period.

To record this Second Amendment to the Plan as set forth herein, the Company has caused its authorized officer to execute this document this 9th day of December, 1996.

Amgen Inc.

By: /S/ George A. Vandeman

Title: Senior Vice President,
General Counsel and Secretary

EXHIBIT 10.45

AMGEN INC.

FIRST AMENDMENT
TO CREDIT AGREEMENT

This FIRST AMENDMENT TO CREDIT AGREEMENT (this "Amendment") is dated as of December 12, 1996 and entered into by and among Amgen Inc., a Delaware corporation (the "Company"), each of the subsidiaries of the Company signatory to the Credit Agreement referred to below (together with the Company, the "Borrowers"), Swiss Bank Corporation, San Francisco Branch and Citicorp USA, Inc., as Co-Documentation Agents, and each other financial institution signatory to the Credit Agreement referred to below (collectively, the "Banks"), Swiss Bank Corporation, New York Branch and ABN AMRO Bank N.V., Los Angeles International Branch, as Issuing Banks, and Swiss Bank Corporation, New York Branch, as Administrative Agent. This Amendment amends the Credit Agreement dated as of June 23, 1995 (the "Credit Agreement") by and among the Borrowers, the Banks, the Issuing Banks and the Administrative Agent. Capitalized terms used herein without definition shall have the same meanings herein as set forth in the Credit Agreement.

RECITALS

WHEREAS, the parties hereto wish to amend the Credit Agreement to revise the definition of Applicable Percentage as set forth herein.

NOW, THEREFORE, in consideration of the premises and the agreements, provisions and covenants herein contained, the parties hereto agree as follows:

Article 1

AMENDMENTS TO THE CREDIT AGREEMENT

1.1 Amendments to Section 1.1: Defined Terms.

(a) The definition of "Applicable Percentage" set forth in Section 1.1 of the Credit Agreement is hereby amended by deleting it in its entirety and substituting the following therefor:

"'Applicable Percentage' means, with respect to Eurodollar Rate Loans, the Commitment Fee and the LC Reimbursement Fee, the per annum percentage corresponding to the tier for the Company's Ratings as specified in the following table:

Rate Spread and Fees

	Tier I	Tier II	Tier III	Tier IV
	AA- and Aa3 or better	A- and A3 or better	BBB and Baa2 or better	BBB- or Baa3
Eurodollar Rate Spread	.200%	.250%	.375%	.550%
Commitment Fee	.070%	.080%	.130%	.175%
LC Reimbursement Fee	.200%	.250%	.375%	.550%

Ratings indicated are the Company's senior unsecured long-term debt ratings by Standard & Poor's Ratings Group and Moody's Investors Service, Inc., respectively."

1.2 Notice Addresses. For all purposes of the Credit Agreement (including Section 13.6 thereof), the addresses and other contact information of the parties thereto shall be as set forth on the signature pages hereof.

Article 2

EFFECTIVENESS OF AMENDMENT

This Amendment shall become effective as of December 12, 1996 (the "First Amendment Effective Date"), upon the receipt by the

Administrative Agent, on behalf of the Banks, of all of the following, each in form and substance satisfactory to the Administrative Agent:

2.1 Signature and Incumbency Certificates. Signature and incumbency certificates of the officers of each Borrower executing and delivering this Amendment.

2.2 Signature Pages. A counterpart signature page hereof executed by a duly authorized officer of each party listed on the signature pages hereof.

Article 3

REPRESENTATIONS AND WARRANTIES

In order to induce the Banks, the Issuing Banks and the Administrative Agent to enter into this Amendment and to amend the Credit Agreement in the manner provided herein, each Borrower represents and warrants to each Bank that the following statements are true, correct and complete:

3.1 Corporate Power and Authority. Such Borrower has all requisite corporate power and authority to execute and deliver this Amendment and to perform its Obligations under the Credit Agreement as amended by this Amendment (the "Amended Agreement").

3.2 Authorization; No Conflict, etc. The execution, delivery and performance of this Amendment by such Borrower have been duly authorized by all necessary corporate action, and do not:

(a) Require any consent or approval not heretofore obtained of any partner, director, stockholder, security holder or creditor of such Borrower;

(b) Result in or require the creation or imposition of any Lien upon or with respect to any Property now owned or leased or hereafter acquired by such Borrower;

(c) Violate, to the best knowledge of such Borrower, any Requirement of Law applicable to such Borrower;

(d) Result (or, with the giving of notice or passage of time or both, would result) in a breach of or default under, or cause or permit the acceleration of any obligation owed under any Contractual Obligation to which such Borrower is a party or by which such Borrower or any of its Property is bound or affected;

except where failure to receive such consent or approval or creation of such Lien or violation of, or default under, any such Requirement of Law or Contractual Obligation would not constitute a Material Adverse Effect.

3.3 Governmental Consents. Subject to the representation of the Banks contained in Section 13.8 of the Agreement, which representation is hereby remade by the Banks, no authorization, consent, approval, order, license or permit from, or filing, registration or qualification with, any Governmental Agency is required to authorize or permit under applicable Laws the execution, delivery and performance of this Amendment by such Borrower.

3.4 Binding Obligation. The Amendment Agreement will, when this Amendment is executed and delivered by such Borrower, constitute the legal, valid and binding obligation of such Borrower, enforceable against such Borrower in accordance with its terms, except as enforcement may be limited by Debtor Relief Laws or equitable principles relating to the granting of specific performance and other equitable remedies as a matter of judicial discretion.

3.5 Incorporation of Representations and Warranties From Credit Agreement. The representations and warranties contained in Article 4 of the Credit Agreement are and will be true, correct and complete in all material respects on and as of the First Amendment Effective Date to the same extent as though made on and as of that date, except to the extent such representations and warranties specifically relate to an earlier date, in which case they were true, correct and complete in all material respects on and as of such earlier date.

3.6 Absence of Default. No event has occurred and is continuing (or will result from the consummation of the transactions contemplated by this Amendment) that is a Default or Event of Default.

Article 4

MISCELLANEOUS

4.1 Reference to and Effect on the Credit Agreement and the Other Loan Documents.

(a) On and after the First Amendment Effective Date, each reference in the Credit Agreement to "this Agreement", "hereunder", "hereof", "herein" or words of like import referring to the Credit Agreement, and each reference in the other Loan Documents to the "Credit Agreement", "thereunder", "thereof" or words of like import referring to the Credit Agreement shall mean and be a reference to the Credit Agreement as amended by this Amendment.

(b) Except as specifically amended by this Amendment, the Credit Agreement and the other Loan Documents shall remain in full force and effect and are hereby ratified and confirmed.

(c) The execution, delivery and performance of this Amendment shall not, except as expressly provided herein, constitute a waiver of any provision of, or operate as a waiver of any right, power or remedy of the Administrative Agent, any Bank or any Issuing Bank under, the Credit Agreement or any of the other Loan Documents.

4.2 Headings. Section and subsection headings in this Amendment are included herein for convenience of reference only and shall not constitute a part of this Amendment for any other purpose or be given any substantive effect.

4.3 Applicable Law. THIS AMENDMENT SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF CALIFORNIA, WITHOUT REGARD TO CONFLICTS OF LAWS PRINCIPLES.

4.4 Counterparts. This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first written above.

THE COMPANY:

AMGEN INC.

By: /s/ Kathryn E. Falberg
Title: Vice President, Treasurer

Address:
Amgen Inc.
Amgen Center
1840 DeHavilland Drive
Thousand Oaks, California 91320-1789

Attn: Treasurer
cc: Secretary

Telecopier: (805) 499-8011
Telephone: (805) 447-1000

BORROWING SUBSIDIARY:

AMGEN MANUFACTURING, INC.

By: /s/ Katherine E. Falberg
Title: Vice President, Treasurer

Address:
Amgen Inc.
Amgen Center
1840 DeHavilland Drive
Thousand Oaks, California 91320-1789

Attn: Treasurer
cc: Secretary

Telecopier: (805) 499-8011
Telephone: (805) 447-1000

THE ADMINISTRATIVE AGENT AND
CO-DOCUMENTATION AGENT:

SWISS BANK CORPORATION,
NEW YORK BRANCH

By: /s/ James J. Diaz
Title: Director
Banking Finance Support, N.A.

By: /s/ Thomas Eggenschwiler
Title: Executive Director
Credit Risk Management

Address:
222 Broadway
New York, New York 10038

Attn: Banking Finance Support

Telecopier: (212) 574-3888
Telephone: (212) 574-3043

THE ISSUING BANKS:

SWISS BANK CORPORATION,
NEW YORK BRANCH

By: /s/ James J. Diaz
Title: Director
Banking Finance Support, N.A.

By: /s/ Thomas Eggenschwiler
Title: Executive Director
Credit Risk Management

Address:
Swiss Bank Tower
10 East 50th Street
New York, New York 10022

Attn: Letter of Credit Department

Telecopier: (212) 574-4634
Telephone: (212) 574-4643

ABN AMRO BANK N.V., LOS ANGELES
INTERNATIONAL BRANCH

By: /s/ Ellen M. Coleman
Title: Vice President/Director

By: /s/ Paul K. Stimpfl
Vice President/Director

Address:
300 South Grand Avenue
Suite 1115
Los Angeles, California 90071

Attn: Letter of Credit Department

Telecopier: (213) 687-2061
Telephone: (213) 687-2306

THE CO-DOCUMENTATION AGENT:

CITICORP USA, INC.

By: /s/ Marjorie Futornick
Title: Vice President

Address:
725 South Figueroa Street
Los Angeles, California 90017

Attn: Deborah Ironson/Banker

Telecopier: (213) 623-3592
Telephone: (213) 239-1424

THE BANKS:

SWISS BANK CORPORATION,
SAN FRANCISCO BRANCH

By: /s/ Hans-Ueli Surber
Title: Executive Director
Merchant Banking

By: /s/ Nang S. Peechaphand
Title: Associate Director
Accounting

Address:
101 California Street
Suite 1700
San Francisco, California 94111

Attn: Hans-Ueli Surber

Telecopier: (213) 989-7570
Telephone: (213) 774-3336

CITICORP USA, INC.

By: /s/ Marjorie Futornick
Title: Vice President

Address:
725 South Figueroa Street
Los Angeles, California 90017

Attn: Deborah Ironson/Banker
Telecopier: (213) 623-3592
Telephone: (213) 239-1424

ABN AMRO BANK N.V., LOS ANGELES
INTERNATIONAL BRANCH

By: /s/ Ellen M. Coleman
Title: Vice President/Director

By: /s/ Paul K. Stimpfl
Title: Vice President/Director

Address:
300 South Grand Avenue
Suite 1115
Los Angeles, California 90071

Attn: Ellen Coleman, John Miller

Telecopier: (213) 687-2061
Telephone: (213) 687-2306

BANCA COMMERCIALE ITALIANA,
LOS ANGELES FOREIGN BRANCH

By: /s/ E. Bombieri
Title: Vice President and Manager

By: /s/ J. Wityak
Title: Vice President

Address:
555 South Flower Street
43rd Floor
Los Angeles, California 90071

Attn: Jack Wityak

Telecopier: (213) 624-0457
Telephone: (213) 624-0440

BANK OF MONTREAL

By: /s/ Beverly Blucher
Title: Senior Vice President

Address:
601 South Figueroa Street
Los Angeles, California 90017

Attn: Craig Ingram
Telecopier: (213) 239-0680
Telephone: (213) 239-0614

THE SANWA BANK, LIMITED,
LOS ANGELES BRANCH

By: Gill Realon
Title: Vice President

Address:
601 South Figueroa Street
5th Floor
Los Angeles, California 90017

Attn: Gill Realon
U.S. Banking Department

Telecopier:(213) 623-4912
Telephone:(213) 896-7494

NATIONSBANK OF TEXAS, N.A.

By: Chas A. McDonell
Title: Vice President

Address:
444 South Flower Street
Suite 4100
Los Angeles, California 90071

Attn: Michael Shea

Telecopier: (213) 624-5815
Telephone: (213) 236-4915

WELLS FARGO BANK, N.A.

By: /s/ Guity Javid
Title: Senior Vice President

By: Edith R. Lim
Title: Vice President

Address:
707 Wilshire Boulevard MAC2818-163
Los Angeles, California 90071

Attn: Guity Javid/Edith Lim

Telecopier: (213) 614-2569
Telephone: (213) 614-3572/5686

EXHIBIT 10.48

CONSULTING AGREEMENT

THIS CONSULTING AGREEMENT (the "Agreement") is made and entered into by and between Daniel Vapnek (the "Former Executive") and Amgen Inc., a Delaware corporation (the "Company").

W I T N E S S E T H

WHEREAS, Former Executive has resigned from his position as Senior Vice President, Research, and from any and all other positions he held with the Company or its affiliates effective as of October 31, 1996 (the "Termination Date");

WHEREAS, the Company wishes to retain Former Executive's services as a consultant for a period of twenty-one (21) months commencing on the Termination Date and concluding on July 31, 1998;

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, it is hereby agreed by and between the parties hereto as follows:

SUMMARY OF TERMS

1. Consulting Service. Under the general direction of the Company's Chief Executive Officer, Chief Operating Officer, or Sr. Vice President of Research, Former Executive shall provide consulting services to the Company in any area of his expertise or with regard to any matters in which he was involved while employed by the Company. These services will include scientific advice in the areas of new product discovery, in-license opportunities, research strategy, etc. Such services shall be provided at such times, locations, and by such means as reasonably required by the Company. The Company also shall, to the extent consistent with the Company's best interests, schedule Former Executive's services so as not to interfere with Former Executive's other commitments. Requests by the Company for Former Executive's Services shall not exceed, without Former Executive's consent, which shall not be unreasonably withheld, two (2) days per week or nine (9) days per month. Former Executive shall be compensated for all services to be provided as specifically set forth herein.

2. Consulting Period. Former Executive shall serve as a consultant to the Company under the terms specified herein commencing on the Termination Date and terminating on July 31, 1998 (the "Consulting Period"). Former Executive's sole compensation and benefits during the Consulting Period shall be as specified in this Agreement.

3. Consideration for Consulting Services.

(a) Consulting Fee. The Company agrees to pay Former Executive the sum of Three Thousand Four Hundred Thirty-eight Dollars ($3,438.00) for each eight hour day of consulting services provided by Former Executive hereunder.

(b) Stock Option Vesting. Although Former Executive's employment will have terminated effective as of the Termination Date, Amgen will consider Former Executive a consultant through and including July 31, 1998, for purposes of vesting and extending the date through which Former Executive may exercise the below-listed Stock Options (hereinafter referred to as the "Extended Stock Options"). Therefore, except as provided below, Former Executive will have until October 31, 1998 to exercise the Extended Stock Options, unless they expire sooner. All other Amgen Stock Options held by the Former Executive that may have vested prior to Former Executive's Termination Date must also be exercised within the same three (3) months after the termination of this Agreement or their expiration date, whichever is sooner. Former Executive will not be entitled to any reload rights in connection with either the Extended Stock Options or any other Amgen Stock Options that may have vested prior to Former Executive's Termination Date. Nothing herein shall be deemed to have altered or extended the expiration date of either the Extended Stock Options or any Amgen Stock Option granted to Former Executive. In addition, all Amgen Stock Options, including the Extended Stock Options, exercised more than three (3) months after Former Executive's Termination Date will no longer qualify as

Incentive Stock Options. Former Executive will be required to pay all withholding taxes required by law with respect to the exercise of all Amgen Stock Options including the Extended Stock Options.

No. of Option Shares	Grant No.	Date of Vesting
3,200	884633	June 22, 1997
316	910684	September 1, 1997
3,434	910685	September 1, 1997
2	914247	July 1, 1997
5,188	914248	July 1, 1997
1,034	914268	July 1, 1997
9,200	918034	July 1, 1997
10,000	921197	July 3, 1997
5,190	914247	July 1, 1998
384	914267	July 1, 1998
650	914268	July 1, 1998
9,200	918034	July 1, 1998
10,000	921197	July 3, 1998

(c) Health Coverage. Should Former Executive and/or Former Executive's eligible dependents elect to continue coverage under Amgen's group health plan(s) under the Consolidated Omnibus Budget Reconciliation Act ("COBRA") continuation rights, and Former Executive and/or Former Executive's eligible dependents timely submit to Amgen the documents necessary to initiate such coverage, then Amgen will pay the cost of COBRA coverage for Former Executive and/or Former Executive's eligible dependents until the earlier of April 30, 1998, or until Former Executive and/or Former Executive's eligible dependents no longer qualify for COBRA continuation rights or, in the case of Former Executive's dependents, the date on which such dependents cease to be eligible dependents under Amgen's group health insurance plan(s), which

ever shall first occur. If Former Executive and/or Former Executive's eligible dependents qualify for COBRA benefits as of April 30, 1998, then Former Executive and/or Former Executive's eligible dependents will have the option of continuing coverage under Amgen's group health plan(s), under COBRA and at Former Executive's own expense, for the remainder of the period for which Former Executive is entitled to receive COBRA benefits, generally no more than eighteen (18) months from the date of the termination of Former Executive's employment, provided that Former Executive and/or Former Executive's eligible dependents meet the qualification requirements under COBRA and under Amgen's group health plan(s). For a complete description of the rights and responsibilities of Former Executive and Former Executive's eligible dependents under COBRA, Former Executive must refer to the COBRA documents that will be sent to Former Executive by the Company after Former Executive's employment terminates.

(d) Financial Advice. Company agrees to reimburse Former Executive for financial, tax and estate planning assistance incurred during 1996 in a sum not to exceed Three Thousand Dollars ($3,000.00). Former Executive agrees to provide Company invoices covering the cost of such assistance upon which Company's payment will be made.

(e) Expenses. Former Executive shall incur no expenses on behalf of the Company without the Company's prior written approval. The Company will reimburse Former Executive, pursuant to Company policy and regular business practice, for all reasonable business expenses he incurs during the Consulting Period in furtherance of his obligations hereunder upon prior written approval by the Company. For purposes of this subparagraph, "reasonable business expense" shall include, without limitation, travel, telephone, hotel and meal expenses.

(f) Management Incentive Plan. Except as provided in this paragraph, all other benefits provided by the Company (including, but not limited to participant elected contributions, matching payments, profit sharing contributions, and other Amgen contributions made under the Amgen Retirement and Savings Plan, and all stock purchase plan rights, and life and disability insurance) will cease as of the Termination Date. Company and Former Executive acknowledge that Former Executive will be entitled to receive a bonus under the Company's Management Incentive Plan (the "MIP") for the calendar year ending December 31, 1996, which MIP bonus shall be prorated based upon the Company's 1996 results through September 30, 1996, and which MIP bonus shall be paid to Former Executive on the same date in early 1997 as such MIP bonuses are paid to current members of Amgen's management. Former Executive also acknowledges and agrees that Former Executive will not be entitled to participate in any MIP benefits after 1996. Former Executive agrees that the Former Executive is not entitled to receive, will not claim and expressly waives any entitlement to rights, benefits or compensation other than as expressly set forth in this Agreement.

(g) Reimbursement. Former Executive will submit written detailed invoices on a regular basis covering his retained time (nine days per month) plus any additional days in excess of the nine days and all expense incurred under this Consulting Agreement for reimbursement by Company. Such invoices are to be submitted to Edward Garnett, Vice President, Human Resources. Former Executive shall incur no expenses on behalf of the Company without the Company's prior written approval. The Company will reimburse Former Executive pursuant to Company policy and regular business practice, for all reasonable business expenses he incurs during the period covered by this Agreement in furtherance of his obligations hereunder upon prior written approval by the Company. For purposes of this subparagraph, "reasonable business expenses" shall include, without limitation, travel, telephone, hotel and meal expenses.

4. Independent Contractor. Former Executive shall have no responsibilities as a consultant to the Company other than as provided for herein and shall not represent or purport to represent the Company in any manner whatsoever to any third party. Former Executive is being engaged by Amgen as an independent contractor and not an employee and Former Executive will be solely responsible for making appropriate filings and payments to the Internal Revenue Service and state taxing authorities, including payments of all taxes due on compensation received under this Agreement.

5. Inventions. Former Executive hereby assigns to the Company his entire right, title and interest in and to all Inventions (and all proprietary rights with respect thereto) whether or not patentable or registrable under copyright or similar statutes, made or conceived of or reduced to practice or learned by Former Executive, either alone or jointly with others, during the term of the Consulting Period in the course of or as a result of performing consulting services hereunder. Former Executive agrees that all such inventions are the sole property of the Company.

6. Noncompetition. Former Executive hereby agrees that during the Consulting Period he will not, without first obtaining the Company's prior written approval, directly or indirectly engage or prepare to engage in any activities in competition with the Company or accept employment or establish a business relationship or accept a position on a Board of Directors with any company. For purposes of this paragraph, the holding of less than one percent (1%) of the outstanding voting securities of any firm or business organization in competition with the Company shall not constitute activities or services precluded by this Agreement.

7. Termination. This Agreement may be terminated by either party by 30 days advance written notice. In the event that this Agreement is terminated prior to July 31, 1998, then only those extended stock options which have already vested by the date this Agreement terminates shall vest. In addition, in the event the Agreement terminates prior to July 31, 1998, then Former Executive

shall have until three months from the date this Agreement terminates or the expiration date of the options, whichever is sooner, to exercise any options that have vested prior to the date this Agreement terminates.

8. Proprietary Information Obligations. Former Executive hereby acknowledges his responsibilities under the terms of that certain Proprietary Information and Inventions Agreement between the Company and Former Executive, dated February 26, 1982 (the "Proprietary Information Agreement"), attached hereto as Exhibit A, and Former Executive agrees to continue to be bound by all of the terms and conditions thereof.

9. Nonsolicitation of Employees. Former Executive agrees not to entice, induce or encourage any of the Company's employees to engage in any activity which, were it done by Former Executive, would violate any provision of the Proprietary Information Agreement. Former Executive further agrees that for a period of two years following the end of the term of this Agreement, he will not directly or indirectly solicit, entice, induce or encourage employees of the Company to leave the Company to accept other employment or to provide services to Former Executive or any other person or entity.

10. No Other Authority. Former Executive shall have no responsibilities or duties to the Company other than as provided for above and shall not represent or purport to represent the Company in any manner whatsoever to any third party, unless required to do so pursuant to this Agreement or by specific written authorization of the Company's Chief Executive Officer or Chief Operating Officer.

11. Entire Agreement. This Agreement, including the Exhibits attached hereto, represents the final, complete, and exclusive embodiment of the entire agreement and understanding between the Company and Former Executive concerning Former Executive's consulting services to the Company, and supersedes and replaces any and all prior agreements and understandings concerning Former Executive's relationship with the Company and his compensation by the Company. It is expressly understood that there is no agreement or understanding between the parties about or pertaining to Former Executive's employment with or Retirement from the Company or any matter addressed in this Agreement except what is set forth in this Agreement (including the Exhibits hereto). This Agreement may only be amended in a writing signed by Former Executive and the Chief Executive Officer of the Company.

12. Severability. If any provision of this Agreement is determined to be invalid or unenforceable, in whole or in part, this determination will not affect any other provision of this Agreement.

13. Notices. All notices required or permitted to be given under this Agreement must be in writing and may be given by any method of delivery which provides evidence or confirmation of receipt including but not limited to personal delivery, express courier (such

as Federal Express) and prepaid certified or registered mail with return receipt requested. Notices shall be deemed to have been given and received on the date of actual receipt or, if either of the following dates is applicable and is earlier, then on such earlier date: one (1) business day after sending, if sent by or express courier; or three (3) business days after deposit in the U.S. mail, if sent by certified or registered mail. Notices shall be given and/or addressed to the respective parties at the following addresses:

To the Company: Amgen Inc.
Attn.: General Counsel
Amgen Center
1840 DeHavilland Drive
Thousand Oaks, CA 91320-1789

To Former Executive: Daniel Vapnek
414 Plaza Rubio
Santa Barbara, CA 93103

Any party may change its address for the purpose of this paragraph by giving written notice of such change to the other party in the manner herein provided.

14. Applicable Law. This Agreement shall be construed according to the laws of the State of California as applied to contracts entered into within such state by residents thereof.

15. Binding Effect. Except as otherwise expressly provided herein, the provisions hereof shall inure to the benefit of, and be binding upon, the successors, assigns, heirs, executors and administrators of the parties hereto; notwithstanding the foregoing, Former Executive shall not delegate any of his duties hereunder.

16. Counterparts. This Agreement may be executed in two counterparts, each of which shall be deemed an original, all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the respective dates written below.

CONSULTANT:

/s/ Daniel Vapnek
- -----------------
Daniel Vapnek

Date: November 15, 1996

AMGEN INC.

By: /s/ Gordon M. Binder

Gordon M. Binder
Chairman of the Board and CEO

Date: November 12, 1996

EXHIBIT 10.49

May 30, 1995

Mr. George A. Vandeman
1600 Waverly Road
San Marino, California 91108

Dear George:

I am pleased to offer you the position of Senior Vice President, General Counsel and Corporate Secretary. In the next meeting of the Board of Directors the Board will elect you as an officer of Amgen.

Your monthly salary will be $27,100. Amgen is prepared to offer you a five year adjustable rate loan up to $1.7 million, which will be secured by residential real estate. The 1995 rate on the loan is 4.9%. The rate is adjusted January 1st of each year based on the average "Introduction Rates" on adjustable loans as offered by California banks and savings & loans. The most the rate will change each year is 1% with a cap of 3% over the life of the initial loan. You will be required to make annual interest-only payments, with the principal amount due on or before the end of the five-year period. At the end of this period you may discuss with Amgen an option to convert to a fully amortized loan payable over an additional five-year period with terms agreed upon at that time. Following commencement of employment, you will be entitled to a signing bonus of $500,000. We will agree to pay this in installments of your choosing, payable in no more than three years with deferred amounts increased by a present value factor of 8% annual rate calculated on a 360 day basis. This signing bonus is subject to withholding as required by law. In addition, you will be eligible to participate in the Amgen Management Incentive Plan (MIP) with a target award of 61% of your base pay. During 1995 and 1996, you will be guaranteed a minimum MIP payment of $200,000 annual rate, prorated in 1995 from the start of your employment at Amgen until December 31, 1995, and for the full year in 1996. This plan is an annual plan with awards paid following the close of the year, usually by the end of February.

In addition, you will be granted the option to purchase 100,000 shares of Amgen common stock. All shares will be priced at 100% of the fair market value at the close of the stock market on your start date. The shares will be granted as Incentive Stock Options (ISO's) to the extent permitted by law, with the balance being issued as Non-Qualified (NQ's) stock options. If you choose, all of the options can be issued as NQ's. The options will have a seven year term and will vest over five years in equal annual installments of 20,000 shares commencing with your first anniversary. Amgen will guarantee that, calculated as if you had not sold any of the underlying stock, the then vested portion of the 100,000 share options will appreciate in value by at least $2,500,000 on at least one day on or before the fifth anniversary of your start date. Of course, Amgen will not guarantee that you will actually realize this profit if you do not sell all of the vested option shares on that date.

You will also have the opportunity to participate in our comprehensive benefits program. Materials describing the benefits programs and other conditions which are applicable to our offer of employment are enclosed. Please note particularly the home selling and relocation benefits.

You have made an excellent impression on all of us. I am enthusiastic about the contributions you can make to our efforts to build upon the success of Amgen, and I believe that Amgen can provide you with attractive opportunities for personal achievement and growth.

Assuming your acceptance, please return a signed copy of this letter to Ed Garnett. I will review a draft of the press release with you before it is issued.

Sincerely yours,

/s/ Gordon M. Binder
Gordon M. Binder
Chairman and Chief Executive Officer

Accepted:

/s/ George A. Vandeman	June 1, 1995	July, 1995
George A. Vandeman	Date	Anticipated State Date

cc: Ed Garnett

EXHIBIT 11

AMGEN INC.

COMPUTATION OF PER SHARE EARNINGS
PRIMARY COMPUTATION

Years ended December 31, 1996, 1995 and 1994
(In millions, except per share data)

	1996	1995	1994
Net income	$679.8	$537.7	$319.7
Applicable common and common stock equivalent shares:			
Weighted average shares of common stock outstanding during the period	264.9	265.0	266.3
Incremental number of shares outstanding during the period resulting from the assumed exercises of stock options and warrants	15.8	15.7	13.3
Weighted average shares of common stock and common stock equivalents outstanding during the period	280.7	280.7	279.6
Earnings per common share primary	$ 2.42	$ 1.92	$ 1.14

EXHIBIT 11

AMGEN INC.

COMPUTATION OF PER SHARE EARNINGS
FULLY DILUTED COMPUTATION

Years ended December 31, 1996, 1995 and 1994
(In millions, except per share data)

	1996	1995	1994
Net income	$679.8	$537.7	$319.7
Applicable common and common stock equivalent shares:			
Weighted average shares of common stock outstanding during the period	264.9	265.0	266.3
Incremental number of shares outstanding during the period resulting from the assumed exercises of stock options and warrants	16.0	20.3	15.9
Weighted average shares of common stock and common stock equivalents outstanding during the period	280.9	285.3	282.2
Earnings per common share fully diluted	$ 2.42	$ 1.88	$ 1.13

AMGEN INC.

Exhibit 21

SUBSIDIARY (Name under which subsidiary does business)	STATE OF INCORPORATION OR ORGANIZATION
Amgen AB	Sweden
Amgen Australia Pty Limited	Australia
Amgen-Bio-Farmaceutica, Lda.	Portugal
Amgen Boulder Development Corporation	Colorado
Amgen Boulder Inc.	Delaware
Amgen Boulder Production Corporation	Colorado
Amgen B.V.	The Netherlands
Amgen Cambridge Real Estate Holdings Inc.	Delaware
Amgen Canada Inc.	Canada
Amgen Development Corporation	Delaware
Amgen (Europe) AG	Switzerland
Amgen Europe B.V.	The Netherlands
Amgen GmbH	Austria
Amgen GmbH	Germany
Amgen Greater China, Ltd.	Hong Kong
Amgen Holding, Inc.	California
Amgen International Inc.	Delaware
Amgen Kabushiki Kaisha	Japan
Amgen Limited	United Kingdom
Amgen N.V.	Belgium
Amgen Puerto Rico, Inc.	Delaware

SUBSIDIARY (Name under which subsidiary does business)	STATE OF INCORPORATION OR ORGANIZATION
Amgen Sales Corporation	Barbados
Amgen S.A.	France
Amgen S.A.	Spain
Amgen S.p.A.	Italy

Kirin-Amgen, Inc.	Delaware
Synergen B.V.	The Netherlands
Synergen Europe, Inc.	Colorado

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12-MOS
DEC-31-1996
DEC-31-1996
169
908
237
12
97
1,503
911
100
2,766
643
0
0
0
0
1,906
2,766
2,088
2,240
283
1,335
0
0
6
962
283
0
0
0
0
680
2.42
2.42