

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2000

OR

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

Commission file number 000-12477

AMGEN INC.

(Exact name of registrant as specified in its charter)

Delaware

95-3540776

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification No.)

One Amgen Center Drive, Thousand Oaks, California

91320-1799

(Address of principal executive offices)

(Zip Code)

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

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

As of September 30, 2000, the registrant had 1,032,982,183 shares of Common
Stock, \$0.0001 par value, outstanding.

AMGEN INC.

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

The information in this report for the three and nine months ended September 30, 2000 and 1999 is unaudited but includes all adjustments (consisting only of normal recurring accruals, unless otherwise indicated) which Amgen Inc. ("Amgen" or the "Company") considers necessary for a fair presentation of the results of operations for those periods.

The condensed consolidated financial statements should be read in conjunction with the Company's financial statements and the notes thereto contained in the Company's Annual Report on Form 10-K for the year ended December 31, 1999.

Interim results are not necessarily indicative of results for the full fiscal year.

AMGEN INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2000	1999	2000	1999
	-----	-----	-----	-----
Revenues:				
Product sales	\$ 851.0	\$ 769.2	\$2,355.4	\$2,195.4
Corporate partner revenues	51.9	43.6	187.2	119.6
Royalty income	46.6	34.4	135.4	98.2
	-----	-----	-----	-----
Total revenues	949.5	847.2	2,678.0	2,413.2
	-----	-----	-----	-----
Operating expenses:				
Cost of sales	109.5	98.9	296.9	290.1
Research and development	202.9	198.4	595.5	580.5
Selling, general and administrative	202.9	159.9	577.7	450.0
Loss of affiliates, net	4.8	3.3	26.1	15.3
Legal award	(73.9)	(49.0)	(73.9)	(49.0)
	-----	-----	-----	-----
Total operating expenses	446.2	411.5	1,422.3	1,286.9
	-----	-----	-----	-----
Operating income	503.3	435.7	1,255.7	1,126.3
Other income (expense):				
Interest and other income	30.7	22.0	110.3	65.0
Interest expense, net	(4.1)	(4.9)	(11.7)	(10.4)
	-----	-----	-----	-----
Total other income	26.6	17.1	98.6	54.6
	-----	-----	-----	-----
Income before income taxes	529.9	452.8	1,354.3	1,180.9
Provision for income taxes	171.0	152.8	426.6	366.1
	-----	-----	-----	-----
Net income	\$ 358.9	\$ 300.0	\$ 927.7	\$ 814.8
	=====	=====	=====	=====
Earnings per share:				
Basic	\$ 0.35	\$ 0.29	\$ 0.90	\$ 0.80
Diluted	\$ 0.33	\$ 0.28	\$ 0.86	\$ 0.76
Shares used in calculation of earnings per share:				
Basic	1,032.1	1,021.5	1,027.7	1,022.1
Diluted	1,085.6	1,078.8	1,085.0	1,078.0

See accompanying notes.

AMGEN INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

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

	September 30, 2000	December 31, 1999
ASSETS	-----	-----
Current assets:		
Cash and cash equivalents	\$ 159.8	\$ 130.9
Marketable securities	1,706.9	1,202.1
Trade receivables, net	303.3	412.2
Inventories	293.6	184.3
Other current assets	158.4	135.8
Total current assets	----- 2,622.0	----- 2,065.3
Property, plant and equipment at cost, net	1,715.3	1,553.6
Investments in affiliated companies	120.9	132.8
Other equity investments	289.5	129.7
Other assets	150.1	196.2
	----- \$4,897.8	----- \$4,077.6
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		

Current liabilities:		
Accounts payable	\$ 121.6	\$ 83.4
Commercial paper	99.2	99.5
Accrued liabilities	502.3	648.2
Total current liabilities	----- 723.1	----- 831.1
Long-term debt	223.0	223.0
Contingencies		
Stockholders' equity:		
Preferred stock; \$0.0001 par value; 5.0 shares authorized; none issued or outstanding	-	-
Common stock and additional paid-in capital; \$0.0001 par value; 2,750.0 shares authorized; outstanding - 1,033.0 shares in 2000 and 1,017.9 shares in 1999	2,642.9	2,072.3
Retained earnings	1,248.6	966.0
Accumulated other comprehensive income (loss)	60.2	(14.8)
Total stockholders' equity	----- 3,951.7	----- 3,023.5
	----- \$4,897.8	----- \$4,077.6
	=====	=====

See accompanying notes.

AMGEN INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions)
(Unaudited)

	Nine Months Ended September 30,	
	2000	1999
Cash flows from operating activities:		
Net income	\$ 927.7	\$ 814.8
Depreciation and amortization	156.3	128.6
Tax benefits related to employee stock options	304.5	110.4
Gain on equity investments	(30.7)	-
Loss of affiliates, net	26.1	15.3
Cash provided by (used in):		
Trade receivables, net	108.9	19.5
Inventories	(109.3)	(36.1)
Other current assets	(12.9)	4.6
Accounts payable	38.2	(20.8)
Accrued liabilities	(145.9)	(41.9)
Net cash provided by operating activities	1,262.9	994.4
Cash flows from investing activities:		
Purchases of property, plant and equipment	(318.0)	(211.3)
Proceeds from maturities of marketable securities	-	25.9
Proceeds from sales of marketable securities	868.2	545.4
Purchases of marketable securities	(1,359.7)	(847.8)
Other	(15.0)	(3.0)
Net cash used in investing activities	(824.5)	(490.8)
Cash flows from financing activities:		
Net proceeds from issuance of common stock upon the exercise of employee stock options and in connection with an employee stock purchase plan	266.1	201.7
Repurchases of common stock	(645.1)	(672.8)
Other	(30.5)	(45.3)
Net cash used in financing activities	(409.5)	(516.4)
Increase (decrease) in cash and cash equivalents	28.9	(12.8)
Cash and cash equivalents at beginning of period	130.9	201.1
Cash and cash equivalents at end of period	\$ 159.8	\$ 188.3

See accompanying notes.

AMGEN INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2000

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.

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 consist of currently marketed products and product candidates which the Company expects to commercialize. The inventory balance of such product candidates totaled \$93.1 million and \$20.3 million as of September 30, 2000 and December 31, 1999, respectively. Inventories are shown net of applicable reserves and allowances. Inventories consist of the following (in millions):

	September 30, 2000	December 31, 1999
	-----	-----
Raw materials	\$ 36.9	\$ 37.5
Work in process	212.7	96.6
Finished goods	44.0	50.2
	-----	-----
	\$293.6	\$184.3
	=====	=====

Product sales

Product sales primarily consist of sales from EPOGEN(R) (Epoetin alfa) and NEUPOGEN(R) (Filgrastim).

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 (which has assigned its rights under the product license agreement to Ortho Biotech Products, L.P.), 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. Sales in Amgen's exclusive market and adjustments thereto are derived from Company shipments and from third-party data on shipments to end users and their usage (see Note 6, "Contingencies - Johnson & Johnson arbitrations"). Sales of the Company's other products are recognized when shipped and title has passed.

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 generally over the next 12 months, primarily resulting from its sales in Europe. At September 30, 2000, the Company had option and forward contracts to exchange foreign currencies for U.S. dollars of \$26.3 million and \$35.4 million, respectively, all having maturities of six months or less. The option contracts, which have only nominal intrinsic value at the time of purchase, are designated as effective hedges of anticipated foreign currency transactions for financial reporting purposes and accordingly, the net gains on such contracts are deferred and 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. Net gains on option contracts (including option contracts for hedged transactions whose occurrence are no longer probable) and changes in market values of forward contracts are reflected in "Interest and other income". The deferred premiums on option contracts and fair values of forward contracts are included in "Other current assets".

The Company has additional foreign currency forward contracts to hedge exposures to foreign currency fluctuations of certain assets and liabilities denominated in foreign currencies. At September 30, 2000, the Company had forward contracts to exchange foreign currencies for U.S. dollars of \$38.5 million, all having maturities of less than one month. These contracts are designated as effective 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. The fair values of the forward contracts are included in the corresponding captions of the hedged assets and liabilities. Gains and losses on forward contracts, to the extent they differ in amount from the hedged assets and liabilities, are included in "Interest and other income".

Employee stock option and stock purchase plans

The Company's employee stock option and stock purchase plans are accounted for under Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees".

Earnings per share

Basic earnings per share is based upon the weighted-average number of common shares outstanding. Diluted earnings per share is based upon the weighted-average number of common shares and dilutive potential common shares outstanding. Potential common shares are outstanding options under the Company's employee stock option plans and potential issuances of stock under the employee stock purchase plan which are included under the treasury stock method.

The following table sets forth the computation for basic and diluted earnings per share (in millions, except per share information):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2000	1999	2000	1999
Numerator for basic and diluted earnings per share - net income	\$ 358.9	\$ 300.0	\$ 927.7	\$ 814.8
Denominator:				
Denominator for basic earnings per share - weighted-average shares	1,032.1	1,021.5	1,027.7	1,022.1
Effect of dilutive securities - employee stock options and stock issuances under the employee stock purchase plan	53.5	57.3	57.3	55.9
Denominator for diluted earnings per share - adjusted weighted - average shares	1,085.6	1,078.8	1,085.0	1,078.0
Basic earnings per share	\$ 0.35	\$ 0.29	\$ 0.90	\$ 0.80
Diluted earnings per share	\$ 0.33	\$ 0.28	\$ 0.86	\$ 0.76

Recent accounting pronouncements

In June 1998, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 133 ("SFAS 133"), "Accounting for Derivative Instruments and Hedging Activities". SFAS 133 establishes accounting and reporting standards requiring that all derivatives be recorded in the balance sheet as either an asset or liability measured at fair value and that changes in fair value be recognized currently in earnings, unless specific hedge accounting criteria are met. Certain provisions of SFAS 133, including its required implementation date, were subsequently amended. The Company is now required to adopt SFAS 133, as amended, in the first quarter of 2001. The Company believes that foreign currency hedging instruments represent the majority of its existing derivatives for which the accounting may be impacted by SFAS 133. The Company currently does not anticipate that the adoption of SFAS 133, as amended, will have a material effect on its results of operations or financial position.

In December 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 101 ("SAB 101"), "Revenue Recognition in Financial Statements". SAB 101 provides guidance on applying generally accepted accounting principles to revenue recognition

issues in financial statements. The Company adopted SAB 101 in the fourth quarter of 2000 and its adoption has not had a material effect on the Company's results of operations or financial position.

In July 2000, the Emerging Issues Task Force ("EITF") issued EITF 00-15, "Classification in the Statement of Cash Flows of the Income Tax Benefit Realized by a Company upon Employee Exercise of a Nonqualified Stock Option", which requires companies to classify the income tax benefits related to employee exercises of nonqualified stock options as an operating activity on the statement of cash flows for both current and prior periods. Prior to the adoption of EITF 00-15 in the third quarter of 2000, Amgen had classified these amounts in financing activities on the statement of cash flows. In addition, the Company has included the income tax benefits related to disqualifying dispositions of incentive stock options within this reclassification. The adoption of EITF 00-15 has not had a material effect on the Company's results of operations or financial position.

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.

Basis of presentation

The financial information for the three and nine months ended September 30, 2000 and 1999 is unaudited but includes all adjustments (consisting only of normal recurring accruals, unless otherwise indicated) which the Company considers necessary for a fair presentation of the results of operations for these periods. Interim results are not necessarily indicative of results for the full fiscal year.

Reclassification

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

2. Debt

As of September 30, 2000, the Company had \$223 million of unsecured long-term debt securities outstanding. These unsecured long-term debt securities consisted of: 1) \$100 million of debt

securities that bear interest at a fixed rate of 6.5% and mature in 2007 that were issued in December 1997 under a \$500 million debt shelf registration (the "Shelf"), 2) \$100 million of debt securities that bear interest at a fixed rate of 8.1% and mature in 2097 and 3) \$23 million of debt securities that bear interest at a fixed rate of 6.2% and mature in 2003. Under the Shelf, all of the remaining \$400 million of debt securities available for issuance may be offered under the Company's medium-term note program from time to time with terms to be determined by market conditions.

The Company has a commercial paper program which provides for unsecured short-term borrowings up to an aggregate of \$200 million. As of September 30, 2000, commercial paper with a face amount of \$100 million was outstanding. These borrowings had maturities of less than three months and had effective interest rates averaging 6.6%.

The Company also has an unsecured \$150 million credit facility that expires on May 28, 2003. This credit facility supports the Company's commercial paper program. As of September 30, 2000, no amounts were outstanding under this line of credit.

3. Income taxes

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

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2000	1999	2000	1999
	-----	-----	-----	-----
Federal (including U.S. possessions)	\$157.8	\$142.3	\$392.7	\$338.9
State	13.2	10.5	33.9	27.2
	-----	-----	-----	-----
	\$171.0	\$152.8	\$426.6	\$366.1
	=====	=====	=====	=====

The Company's effective tax rate for the three and nine months ended September 30, 2000 was 32.3% and 31.5%, respectively, compared with 33.7% and 31.0% for the same periods last year. During the third quarter of both 1999 and 2000, the effective tax rates increased primarily due to an increase in the expected pretax income for the full year without corresponding increases in the tax benefits associated with the Company's Puerto Rico operations and research and experimentation credits. The expected pretax income for 2000 increased primarily due to the benefit of the \$73.9 million legal award recorded in the third quarter of 2000 (see Note 6, "Contingencies - Johnson & Johnson arbitrations"). The expected

pretax income for 1999 increased primarily due to expected additional product sales in the fourth quarter of 1999 as a result of Year 2000 contingency planning (see "Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations - Results of Operations - Product sales") and the benefit of the \$49.0 million legal award recorded in the third quarter of 1999 (see Note 6, "Contingencies - Johnson & Johnson arbitrations").

4. Stockholders' equity

During the nine months ended September 30, 2000, the Company repurchased 9.9 million shares of its common stock at a total cost of \$645.1 million under its common stock repurchase program. In October 1999, the Board of Directors authorized the Company to repurchase up to \$2 billion of common stock through December 31, 2000, replacing the remaining amount authorized in October 1998. The amount the Company spends on and the number of shares repurchased each quarter varies based on a variety of factors, including the stock price and blackout periods in which the Company is restricted from repurchasing shares. At September 30, 2000, \$1,003.1 million of this authorization remained. Stock repurchased under the program is retired.

5. Comprehensive income

During the three and nine months ended September 30, 2000, total comprehensive income was \$393.5 million and \$1,002.7 million, respectively. During the three and nine months ended September 30, 1999, total comprehensive income was \$298.5 million and \$793.9 million, respectively. The Company's other comprehensive income/loss is comprised of unrealized gains and losses on the Company's available-for-sale securities and foreign currency translation adjustments.

6. Contingencies

Johnson & Johnson arbitrations

In September 1985, the Company granted Johnson & Johnson's affiliate, Ortho Pharmaceutical Corporation, 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. 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").

A dispute between Amgen and Johnson & Johnson that has been the subject of an arbitration proceeding relates to the audit methodology currently employed by the Company to account for Epoetin alfa sales. The Company and Johnson & Johnson are required to compensate each other for Epoetin alfa sales that either party makes into the other party's exclusive market, sometimes described as "spillover" sales. The Company has established and is employing an audit methodology to measure each party's spillover sales and to allocate the net profits from those sales to the appropriate party. The arbitrator in this matter (the "Arbitrator") issued an opinion adopting the Company's audit methodology with certain adjustments and, subsequently, issued his final order confirming that the Company was the successful party in the arbitration. Pursuant to the final order in the arbitration, an independent panel was formed principally (i) to address ongoing challenges to the survey results for the years 1995 through 1999 and (ii) to refine the procedures for measuring the erythropoietin market as may be necessary. Johnson & Johnson has brought challenges under this procedure to certain survey results for certain periods. As a result of decisions made by this independent panel regarding certain of these challenges as well as other reduced uncertainties, the Company has reduced amounts previously provided for potential spillover liabilities by \$49 million in the third quarter of 1999 and \$23 million in the fourth quarter of 1998.

Because the Arbitrator ruled that the Company was the successful party in the arbitration, Johnson & Johnson was ordered to pay to the Company all costs and expenses, including reasonable attorneys' fees, that the Company incurred in the arbitration as well as one-half of the audit costs. The Company submitted a bill for such costs and expenses incurred over an eight-year period in the amount of approximately \$110 million. Johnson & Johnson contested substantially all such costs and expenses. In addition, on October 26, 1998, Johnson & Johnson filed a petition in the Circuit Court of Cook County, Illinois (the "Illinois Lawsuit") seeking to vacate or modify the Arbitrator's award to the Company of all costs and expenses, including reasonable attorney's fees and costs, that the Company incurred in the arbitration. On January 26, 2000, the Arbitrator ruled that the Company is entitled to recover approximately \$78 million of its costs and expenses from Johnson & Johnson. On July 5, 2000, the Company and Johnson & Johnson entered into a Settlement Agreement and Mutual Release which provided that (i) the Company, as the successful party in the arbitration, would

receive from Johnson & Johnson approximately \$78 million for costs and expenses, including reasonable attorneys' fees, that the Company incurred in the arbitration as well as one-half of the audit costs, (ii) the Company would pay to Johnson & Johnson \$10 million in full and final satisfaction of a dispute as to the remaining amount due to Johnson & Johnson for the 1991-1994 spillover award and (iii) Johnson & Johnson would voluntarily dismiss with prejudice the Illinois Lawsuit. On July 17, 2000, the Arbitrator issued a final order awarding the Company approximately \$78 million in costs and expenses, including reasonable attorneys' fees, that the Company incurred in the arbitration as well as one-half of the audit costs. On July 24, 2000, the Illinois Lawsuit was dismissed with prejudice.

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 based on the Company's claim that Johnson & Johnson has intentionally sold PROCRT(R) (the brand name under which Johnson & Johnson sells Epoetin alfa) into the Company's exclusive dialysis market. Pursuant to the Arbitrator's ruling, discovery has commenced. Both the Company and Johnson & Johnson filed motions for summary judgment which were argued in January 2000. On March 10, 2000, the Arbitrator denied both motions for summary judgment. The trial date previously set for February 2001 has been continued to September 2001. The Company is unable to predict at this time the outcome of its demand for termination of the License Agreement or when it will be resolved.

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, the Company believes that the outcome of these proceedings will not have a material adverse effect on its annual financial statements.

In the third quarter of 2000, the Company recorded a \$73.9 million legal award, which includes the amount awarded to the Company in the Arbitrator's July 17, 2000 final order referred to above reduced by minor amounts related to other miscellaneous disputes with Johnson & Johnson.

7. Subsequent event

On October 16, 2000, Amgen announced that it had signed an agreement to acquire Kinetix Pharmaceuticals, Inc. ("Kinetix"), a privately held Medford, Massachusetts company with approximately 40

employees and expertise in the discovery of small molecule drugs in the field of protein kinase inhibition.

Amgen will pay approximately \$170 million in stock for all of the outstanding shares of Kinetix in a tax free exchange. This acquisition will be accounted for under the purchase method of accounting and is expected to result in a non-recurring after-tax charge of approximately \$30 million, or \$0.03 per share, to write off acquired in-process research and development. The ongoing financial impact of this transaction is expected to be minimal. The boards of directors of both companies have approved the merger, which remains subject to approval by the Kinetix stockholders, the satisfaction of regulatory requirements, and other closing conditions. The acquisition is expected to be completed by the end of 2000.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Liquidity and Capital Resources

The Company had cash, cash equivalents and marketable securities of \$1,866.7 million at September 30, 2000, compared with \$1,333.0 million at December 31, 1999. Cash provided by operating activities has been and is expected to continue to be the Company's primary source of funds. During the nine months ended September 30, 2000, operations provided \$1,262.9 million of cash compared with \$994.4 million during the same period last year.

Capital expenditures totaled \$318.0 million for the nine months ended September 30, 2000, compared with \$211.3 million for the same period a year ago. The Company anticipates spending approximately \$450 million to \$500 million in 2000 on capital projects and equipment to expand the Company's global operations.

The Company receives cash from the exercise of employee stock options and proceeds from the sale of stock by Amgen pursuant to the employee stock purchase plan. During the nine months ended September 30, 2000, employee stock option exercises and proceeds from the sale of stock by Amgen pursuant to the employee stock purchase plan provided \$266.1 million of cash compared with \$201.7 million for the same period last year. Proceeds from the exercise of employee stock options will 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 primarily to reduce the dilutive effect of its employee stock option and stock purchase plans. During the nine months ended September 30, 2000, the Company purchased 9.9 million shares of its common stock at a cost of \$645.1 million compared with 19.0 million shares purchased at a cost of \$672.8 million during the same period last year. In October 1999, the Board of Directors authorized the Company to repurchase up to \$2 billion of common stock through December 31, 2000, replacing the remaining amount authorized in October 1998. The amount the Company spends on and the number of shares repurchased each quarter varies based on a variety of factors, including the stock price and blackout periods in which the Company is restricted from repurchasing shares. As of September 30, 2000, \$1,003.1 million was available for stock repurchases.

To provide for financial flexibility and increased liquidity, the Company has established several sources of debt financing. As of

September 30, 2000, the Company had \$223 million of unsecured long-term debt securities outstanding. These unsecured long-term debt securities consisted of: 1) \$100 million of debt securities that bear interest at a fixed rate of 6.5% and mature in 2007 that were issued in December 1997 under a \$500 million debt shelf registration (the "Shelf"), 2) \$100 million of debt securities that bear interest at a fixed rate of 8.1% and mature in 2097 and 3) \$23 million of debt securities that bear interest at a fixed rate of 6.2% and mature in 2003. Under the Shelf, all of the remaining \$400 million of debt securities available for issuance may be offered under the Company's medium-term note program from time to time with terms to be determined by market conditions.

The Company's sources of debt financing also include a commercial paper program which provides for unsecured short-term borrowings up to an aggregate face amount of \$200 million. As of September 30, 2000, commercial paper with a face amount of \$100 million was outstanding. These borrowings had maturities of less than three months and had effective interest rates averaging 6.6%. In addition, the Company has an unsecured \$150 million credit facility that expires on May 28, 2003. This credit facility supports the Company's commercial paper program. As of September 30, 2000, no amounts were outstanding under this line of credit.

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 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.

Results of Operations

Product sales

Product sales were \$851.0 million and \$2,355.4 million during the three and nine months ended September 30, 2000, respectively. These amounts represent increases of \$81.8 million and \$160.0 million or 11% and 7%, respectively, over the same periods last year. Quarterly product sales are influenced by a number of factors, including underlying demand, wholesaler inventory management practices and foreign exchange effects.

EPOGEN(R) (Epoetin alfa)

EPOGEN(R) sales were \$496.1 million and \$1,429.5 million for the three and nine months ended September 30, 2000, respectively. These amounts represent increases of \$47.4 million and \$157.9 million or 11% and 12%, respectively, over the same periods last year. These increases were primarily due to higher demand, principally driven by growth in the U.S. dialysis patient population. Sales during the first nine months of 2000 were adversely impacted by Year 2000-related sales to wholesalers in the fourth quarter of 1999 for which the Company provided extended payment terms and, the Company believes, by dialysis provider inventory drawdowns in 2000 of additional 1999 year-end stockpiling. The Company also believes that some of this dialysis provider stockpiling may have been due to Year 2000 concerns and year-end contract expirations.

NEUPOGEN(R) (Filgrastim)

Worldwide NEUPOGEN(R) sales were \$352.8 million and \$912.5 million for the three and nine months ended September 30, 2000, respectively. These amounts represent increases of \$39.5 million and \$8.7 million or 13% and 1%, respectively, over the same periods last year. During the third quarter of 2000, NEUPOGEN(R) sales increased primarily due to a significant increase in inventory levels at major wholesalers and higher demand, which includes the effect of higher prices in the U.S. These increases were partially offset by adverse foreign exchange effects. The Company believes that demand grew at a mid-single digit rate during the third quarter of 2000. NEUPOGEN(R) sales during the first nine months of 2000 increased primarily due to higher demand, which includes the effect of higher prices in the U.S. This increase was substantially offset by adverse foreign exchange effects and the adverse impact of Year 2000-related sales to wholesalers in the fourth quarter of 1999 for which the Company provided extended payment terms.

Other product sales

Other product sales primarily consist of INFERGEN(R) (Interferon alfacon-1). INFERGEN(R) sales were \$2.0 million and \$12.7 million for the three and nine months ended September 30, 2000, respectively. These amounts represent decreases of \$4.8 million and \$6.7 million or 71% and 35%, respectively, from the same periods last year. INFERGEN(R) was launched in October 1997 for the treatment of chronic hepatitis C virus infection. There are existing treatments, including combination therapy, for this infection against which INFERGEN(R) competes. The Company cannot predict the extent to which it will maintain its share or further penetrate this market.

Corporate partner revenues

During the three and nine months ended September 30, 2000, corporate partner revenues increased \$8.3 million and \$67.6 million, or 19% and 57%, respectively, compared with the same periods last year. These increases were primarily due to amounts earned from Kirin-Amgen, Inc. related to the development program for ARANESP(TM) (darbepoetin alfa), the Company's novel erythropoiesis stimulating protein.

Cost of sales

Cost of sales as a percentage of product sales was 12.9% and 12.6% for the three and nine months ended September 30, 2000, respectively, compared with 12.9% and 13.2% for the same periods last year. During the first nine months of 2000, cost of sales as a percentage of product sales decreased due in part to increased manufacturing efficiencies.

Research and development

During the three and nine months ended September 30, 2000, research and development expenses increased \$4.5 million and \$15.0 million, or 2% and 3%, respectively, compared with the same periods last year. Research and development expenses increased primarily due to higher staff-related costs necessary to support ongoing product development activities and higher clinical trial costs. These increases were substantially offset by a reduction in clinical manufacturing and product licensing costs.

Selling, general and administrative

During the three and nine months ended September 30, 2000, selling, general and administrative ("SG&A") expenses increased \$43.0 million and \$127.7 million, or 27% and 28%, respectively, compared with the same periods last year. SG&A expenses increased primarily due to higher staff-related costs and outside marketing expenses as the Company continues to support its existing products and prepares for anticipated new product launches.

Legal award

Included in the third quarter of 2000 was a benefit of \$73.9 million primarily from an award for certain costs and expenses, including attorneys' fees, associated with the spillover arbitration with Johnson & Johnson. Included in the third quarter of 1999 was a benefit of \$49.0 million, which reflected reduced uncertainty for the Company's potential spillover liabilities to Johnson & Johnson. See Note 6 to the Condensed Consolidated Financial Statements, "Contingencies - Johnson & Johnson arbitrations".

Interest and other income

During the three and nine months ended September 30, 2000, interest and other income increased \$8.7 million and \$45.3 million, or 40% and 70%, respectively, compared with the same periods last year. The increase in the third quarter of 2000 was primarily due to higher interest income generated from the Company's investment portfolio as a result of higher average cash balances and higher interest rates. The increase in the first nine months of 2000 was primarily due to gains realized on the sale of certain equity securities in the Company's portfolio and to a lesser extent, higher interest income generated from the Company's investment portfolio as a result of higher average cash balances and higher interest rates.

Income taxes

The Company's effective tax rate for the three and nine months ended September 30, 2000 was 32.3% and 31.5%, respectively, compared with 33.7% and 31.0% for the same periods last year. During the third quarter of both 1999 and 2000, the effective tax rates increased primarily due to an increase in the expected pretax income for the full year without corresponding increases in the tax benefits associated with the Company's Puerto Rico operations and research and experimentation credits. The expected pretax income for 2000 increased primarily due to the benefit of the \$73.9 million legal award recorded in the third quarter of 2000 (see "- Legal award").

The expected pretax income for 1999 increased primarily due to expected additional product sales in the fourth quarter of 1999 as a result of Year 2000 contingency planning (see "- Product sales") and the benefit of the \$49.0 million legal award recorded in the third quarter of 1999 (see "- Legal award").

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 one to three 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 September 30, 2000, outstanding foreign currency option and forward contracts totaled \$26.3 million and \$73.9 million, respectively.

Financial Outlook

Because Amgen's expectation for EPOGEN(R) demand growth has moderated somewhat, the Company now expects the EPOGEN(R) sales growth rate in 2000 to be in the low double digits, down from its previous guidance of growth in the low teens. The Company believes that the average EPOGEN(R) weekly dose and the average hematocrit level for dialysis patients have remained relatively constant for the past five quarters. 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 a change in the basis for reimbursement by the federal government.

In December 1999 and early 2000, the Company filed regulatory submissions for the use of ARANESP(TM) in patients with chronic renal insufficiency and chronic renal failure in the U.S., the European Union, Canada, Australia and New Zealand. The Company anticipates selling ARANESP(TM), if approved, in most of these markets beginning in 2001. Because the Company is unable to predict the timing and the extent to which health care providers in the U.S. may transition from administering EPOGEN(R) to ARANESP(TM), 2001 sales guidance for EPOGEN(R) and ARANESP(TM) will be provided on a combined basis. The Company expects the percentage increase of 2001 sales of EPOGEN(R) and ARANESP(TM) combined over 2000 EPOGEN(R) sales to be in the range of high teens to low twenties.

Because Amgen's expectation for NEUPOGEN(R) demand growth has softened somewhat and, to a lesser extent, because the U.S. dollar has continued to strengthen relative to the euro, the Company now expects NEUPOGEN(R) sales in 2000 to be slightly less than in 1999, down from its previous guidance for sales to be approximately the same as in 1999. In 2001, the NEUPOGEN(R) sales growth rate is expected to be in the high single digits. The Company believes that there is a trend in some cancer settings towards the use of chemotherapy treatments that are less myelosuppressive. Chemotherapy treatments that are less myelosuppressive may require less NEUPOGEN(R). Future NEUPOGEN(R) demand growth is dependent primarily upon further penetration of existing markets and the effects of competitive products. NEUPOGEN(R) usage is expected to continue to be affected by cost containment pressures from governments and private insurers on health care providers worldwide. In addition, reported NEUPOGEN(R) sales will continue to be affected by changes in foreign currency exchange rates. In both domestic and foreign markets, sales of NEUPOGEN(R) are dependent, in part, on the availability of reimbursement from third party payors such as governments (for example, Medicare and Medicaid programs in the U.S.) and private insurance plans. Therefore, NEUPOGEN(R) sales may also be affected by future changes in reimbursement rates or changes in the bases for reimbursement.

INFERGEN(R) (Interferon alfacon-1) was launched in October 1997 for the treatment of chronic hepatitis C virus infection. There are existing treatments, including combination therapy, for this infection against which INFERGEN(R) competes. The Company cannot predict the extent to which it will maintain its share or further penetrate this market.

For 2000, corporate partner revenues are expected to be in a range of \$240 to \$250 million, research and development expenses are expected to be in the range of \$825 to \$875 million and SG&A expenses are expected to be in the range of \$800 to \$850 million. Excluding the effect of the legal award recorded in the third quarter of 2000 and the acquired in-process research and development charge expected to be recorded in the fourth quarter of 2000 (see Notes 6 and 7, respectively, to the Condensed Consolidated Financial Statements), the Company expects the effective tax rate for 2000 to be approximately 31% and earnings per share for 2000 to be at the low end of its previous guidance of \$1.06 to \$1.08.

For 2001, total product sales are expected to grow in the mid to high teens, cost of sales is expected to be in the range of 11.5% to 12.5% of total product sales, research and development expenses and SG&A expenses are each estimated to be in the range of 25% to

27% of total product sales, and the effective tax rate is expected to be approximately 34%. Excluding the effect of the legal award and the acquired in-process research and development charge referred to above, 2001 earnings per share is expected to grow in the mid teens.

Estimates of future product sales, operating expenses and earnings per share are necessarily speculative in nature and are difficult to predict with accuracy.

Except for the historical information contained herein, the matters discussed herein are by their nature forward-looking. Investors are cautioned that forward-looking statements or projections made by the Company, including those made in this document, are subject to risks and uncertainties that may cause actual results to differ materially from those projected. Reference is made in particular to forward-looking statements regarding product sales, earnings per share and expenses. Amgen operates in a rapidly changing environment that involves a number of risks, some of which are beyond the Company's control. Future operating results and the Company's stock price may be affected by a number of factors, including, without limitation: (i) the results of preclinical and clinical trials; (ii) regulatory approvals of product candidates, new indications and manufacturing facilities; (iii) reimbursement for Amgen's products by governments and private payors; (iv) health care guidelines and policies relating to Amgen's products; (v) intellectual property matters (patents) and the results of litigation; (vi) competition; (vii) fluctuations in operating results and (viii) rapid growth of the Company. These factors and others are discussed herein and in the sections appearing in "Item 1. Business - Factors That May Affect Amgen" in the Company's Annual Report on Form 10-K for the year ended December 31, 1999 which sections are incorporated herein by reference and filed as an exhibit hereto.

Legal Matters

The Company is engaged in arbitration proceedings with one of its licensees. For a discussion of these matters, see Note 6 to the Condensed Consolidated Financial Statements.

PART II - OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

Legal proceedings are reported in the Company's Annual Report on Form 10-K for the year ended December 31, 1999, with material developments since that report described in the Company's Form 10-Q for the quarters ended March 31, 2000, June 30, 2000 and below. While it is not possible to predict accurately or to determine the eventual outcome of these matters, the Company believes that the outcome of these proceedings will not have a material adverse effect on the annual financial statements of the Company.

Transkaryotic Therapies and Aventis S.A. litigation

On September 8, 2000, the trial concluded in the United States District Court in Boston, Massachusetts and the Company is now awaiting a decision in the case.

Biogen litigation

On October 12, 2000, the United States District Court for the District of Massachusetts (the "Massachusetts District Court") entered an Order for Judgment in favor of the Company on the basis of no infringement, literally or under the doctrine of equivalents with respect to the Company's manufacture and sale of NEUPOGEN(R). Biogen, Inc. ("Biogen") disputes the finality of the Judgment and the correctness of the Order. The parties will be briefing these issues before the Massachusetts District Court. The remaining calendar of scheduled items that were pending before the court, including trial, has been eliminated and the Company's motion for lack of standing was dismissed as moot. The Company's motion for summary judgment of invalidity on the basis of prior public use was denied.

The stay of proceedings remains for the action filed by Biogen pertaining to the Company's manufacture of INFERGEN(R).

Genentech litigation

On October 12, 2000, the United States District Court for the Northern District of California entered Final Judgment in the Company's favor on the basis of no infringement.

Johnson & Johnson arbitrations

The Company is engaged in arbitration proceedings with one of its licensees. See Note 6 to the Condensed Consolidated Financial Statements, "Contingencies-Johnson & Johnson arbitrations".

Item 6. Exhibits and Reports on Form 8-K

- (a) Reference is made to the Index to Exhibits included herein.
- (b) Reports on Form 8-K - none

SIGNATURES

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

Amgen Inc.
(Registrant)

Date: 11/13/00

By: /s/ Kathryn E. Falberg

Kathryn E. Falberg
Senior Vice President, Finance
and Corporate Development,
and Chief Financial Officer

Date: 11/13/00

By: /s/ Barry D. Schehr

Barry D. Schehr
Vice President, Financial Operations, and
Chief Accounting Officer

AMGEN INC.

INDEX TO EXHIBITS

Exhibit No.	Description
3.1	Restated Certificate of Incorporation as amended. (13)
3.2*	Amended and Restated Bylaws of Amgen Inc. (as amended October 24, 2000).
3.3	Certificate of Amendment of Restated Certificate of Incorporation. (24)
3.4	Certificate of Amendment of Certificate of Designations of Series A Junior Participating Preferred Stock. (24)
4.1	Indenture dated January 1, 1992 between the Company and Citibank N.A., as trustee. (6)
4.2	First Supplement to Indenture, dated February 26, 1997 between the Company and Citibank N.A., as trustee. (10)
4.3	Officer's Certificate pursuant to Sections 2.1 and 2.3 of the Indenture, as supplemented, establishing a series of securities "8-1/8% Debentures due April 1, 2097." (12)
4.4	8-1/8% Debentures due April 1, 2097. (12)
4.5	Form of stock certificate for the common stock, par value \$.0001 of the Company. (13)
4.6	Officer's Certificate pursuant to Sections 2.1 and 2.3 of the Indenture, dated as of January 1, 1992, as supplemented by the First supplemental Indenture, dated as of February 26, 1997, each between the Company and Citibank, N.A., as Trustee, establishing a series of securities entitled "6.50% Notes Due December 1, 2007". (15)
4.7	6.50% Notes Due December 1, 2007 described in Exhibit 4.6. (15)
4.8	Corporate Commercial Paper - Master Note between and among Amgen Inc., as Issuer, Cede & Co., as nominee of The Depository Trust Company and Citibank, N.A. as Paying Agent. (18)
10.1	Company's Amended and Restated 1991 Equity Incentive Plan. (21)
10.2	Sixth Amendment to the Company's Amended and Restated Retirement and Savings Plan as amended and restated April 1, 1996. (20)
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. (24)
- 10.5 Product License Agreement, dated September 30, 1985, and Technology License Agreement, dated, September 30, 1985 between the Company and Ortho Pharmaceutical Corporation. (24)
- 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. (24)
- 10.7 Company's Amended and Restated Employee Stock Purchase Plan. (24)
- 10.8 Research, Development Technology Disclosure and License Agreement PPO, dated January 20, 1986, by and between the Company and Kirin Brewery Co., Ltd. (2)
- 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). (3)
- 10.10 Assignment and License Agreement, dated October 16, 1986, between the Company and Kirin-Amgen, Inc. (with certain confidential information deleted therefrom). (3)
- 10.11 G-CSF European License Agreement, dated December 30, 1986, between Kirin-Amgen, Inc. and the Company (with certain confidential information deleted therefrom). (3)
- 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). (3)
- 10.13 Company's Amended and Restated 1988 Stock Option Plan. (8)
- 10.14 Company's Amended and Restated Retirement and Savings Plan. (8)
- 10.15 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. (4)
- 10.16 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).
(5)

- 10.17 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. (7)
- 10.18 Amgen Inc. Supplemental Retirement Plan (As Amended and Restated Effective November 1, 1999). (22)
- 10.19 First Amendment to Amgen Inc. Change of Control Severance Plan. (24)
- 10.20 Amended and Restated Amgen Performance Based Management Incentive Plan. (21)
- 10.21 Credit Agreement, dated as of May 28, 1998, among Amgen Inc., the Borrowing Subsidiaries named therein, the Banks named therein, Citibank, N.A., as Issuing Bank, and Citicorp USA, Inc., as Administrative Agent. (19)
- 10.22 Agreement between Amgen Inc. and Dr. N. Kirby Alton, dated October 11, 1999. (22)
- 10.23 Amendment No. 1 to the Company's Amended and Restated Retirement and Savings Plan. (8)
- 10.24 Seventh Amendment to the Amgen Retirement and Savings Plan as Amended and Restated effective April 1, 1996. (21)
- 10.25 Amendment Number 2 to the Company's Amended and Restated Retirement and Savings Plan dated April 1, 1996. (11)
- 10.26 Amgen Inc. Change of Control Severance Plan effective as of October 20, 1998. (20)
- 10.27 Preferred Share Rights Agreement, dated February 18, 1997, between Amgen Inc. and American Stock Transfer and Trust Company, Rights Agent. (9)
- 10.28 First Amendment, effective January 1, 1998, to the Company's Amended and Restated Employee Stock Purchase Plan. (14)
- 10.29 Third Amendment, effective January 1, 1997, to the Company's Amended and Restated Retirement and Savings Plan dated April 1, 1996. (14)
- 10.30 Agreement between Amgen Inc. and Dr. Fabrizio Bonanni, dated March 3, 1999. (22)
- 10.31 Promissory Note of Ms. Kathryn E. Falberg, dated April 7, 1995. (16)
- 10.32 Promissory Note of Mr. Edward F. Garnett, dated July 18, 1997. (16)
- 10.33 Fourth Amendment to the Company's Amended and Restated Retirement and Savings Plan as amended and restated effective April 1, 1996. (16)
- 10.34 Fifth Amendment to the Company's Amended and Restated Retirement and Savings Plan as amended and restated effective April 1, 1996. (16)

- 10.35 Company's Amended and Restated 1987 Directors' Stock Option Plan. (11)
- 10.36 Amended and Restated Agreement on G-CSF in the EU between Amgen Inc. and F. Hoffmann-La Roche Ltd (with certain confidential information deleted therefrom). (18)
- 10.37 Collaboration and License Agreement, dated December 15, 1997, between the Company, GPI NIL Holdings, Inc. and Guilford Pharmaceuticals Inc. (with certain confidential information deleted therefrom). (17)
- 10.38 Promissory Note of Dr. Fabrizio Bonanni, dated August 7, 1999. (22)
- 10.39 Promissory Note of Dr. Fabrizio Bonanni, dated October 29, 1999. (22)
- 10.40 Agreement between Amgen Inc. and Dr. Lawrence M. Souza, Ph.D., dated March 6, 2000. (23)
- 10.41 Agreement between Amgen Inc. and Mr. Gordon M. Binder, dated May 10, 2000. (24)
- 27* Financial Data Schedule.
- 99* Sections appearing under the heading "Item 1. Business - Factors That May Affect Amgen" in the Company's Annual Report on Form 10-K for the year ended December 31, 1999.

- - - - -
 * Filed herewith.

- (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 Amendment No. 1 to Form S-1 Registration Statement (Registration No. 33-3069) on March 11, 1986 and incorporated herein by reference.
- (3) 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.
- (4) 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.
- (5) Filed as an exhibit to the Form 8 dated November 8, 1989, amending the Annual Report on Form 10-K for the year ended March 31, 1989 on June 28, 1989 and incorporated herein by reference.
- (6) Filed as an exhibit to Form S-3 Registration Statement dated December 19, 1991 and incorporated herein by reference.
- (7) Filed as an exhibit to the Form 8-A dated March 31, 1993 and incorporated herein by reference.

- (8) 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.
- (9) Filed as an exhibit to the Form 8-K Current Report dated February 18, 1997 on February 28, 1997 and incorporated herein by reference.
- (10) Filed as an exhibit to the Form 8-K Current Report dated March 14, 1997 on March 14, 1997 and incorporated herein by reference.
- (11) Filed as an exhibit to the Annual Report on Form 10-K for the year ended December 31, 1996 on March 24, 1997 and incorporated herein by reference.
- (12) Filed as an exhibit to the Form 8-K Current Report dated April 8, 1997 on April 8, 1997 and incorporated herein by reference.
- (13) Filed as an exhibit to the Form 10-Q for the quarter ended March 31, 1997 on May 13, 1997 and incorporated herein by reference.
- (14) Filed as an exhibit to the Form 10-Q for the quarter ended June 30, 1997 on August 12, 1997 and incorporated herein by reference.
- (15) Filed as an exhibit to the Form 8-K Current Report dated and filed on December 5, 1997 and incorporated herein by reference.
- (16) Filed as an exhibit to the Annual Report on Form 10-K for the year ended December 31, 1997 on March 24, 1998 and incorporated herein by reference.
- (17) Filed as Exhibit 10.40 to the Guilford Pharmaceuticals Inc. Form 10-K for the year ended December 31, 1997 on March 27, 1998 and incorporated herein by reference.
- (18) Filed as an exhibit to the Form 10-Q for the quarter ended March 31, 1998 on May 13, 1998 and incorporated herein by reference.
- (19) Filed as an exhibit to the Form 10-Q for the quarter ended June 30, 1998 on August 14, 1998 and incorporated herein by reference.
- (20) Filed as an exhibit to the Annual Report on Form 10-K for the year ended December 31, 1998 on March 16, 1999 and incorporated herein by reference.
- (21) Filed as an exhibit to the Form 10-Q for the quarter ended June 30, 1999 on August 3, 1999 and incorporated herein by reference.
- (22) Filed as an exhibit to the Annual Report on Form 10-K for the year ended December 31, 1999 on March 7, 2000 and incorporated herein by reference.
- (23) Filed as an exhibit to the Form 10-Q for the quarter ended March 31, 2000 on April 27, 2000 and incorporated herein by reference.

(24) Filed as an exhibit to the Form 10-Q for the quarter ended June 30, 2000 on August 1, 2000 and incorporated herein by reference.

AMENDED AND RESTATED BYLAWS
OF
AMGEN INC.
(AS AMENDED OCTOBER 24, 2000)

AMENDED AND RESTATED BYLAWS

OF

AMGEN INC.
(a Delaware corporation)

ARTICLE I

Offices

Section 1. Registered Office. The registered office of the corporation

in the State of Delaware shall be in the City of Dover, County of Kent.

Section 2. Other Offices. The corporation also shall have and maintain

an office or principal place of business at such place as may be fixed by the Board of Directors, and also may have offices at such other places, both within and without the State of Delaware as the Board of Directors may from time to time determine or the business of the corporation may require.

ARTICLE II

Corporate Seal

Section 3. Corporate Seal. The corporate seal shall consist of a die

bearing the name of the corporation and the inscription, "Corporate Seal-Delaware." Said seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

ARTICLE III

Stockholders' Meetings

Section 4. Place of Meetings. Meetings of the stockholders of the

corporation shall be held at such place, either within or without the State of Delaware, as may be designated from time to time by the Board of Directors, or, if not so designated, then at the office of the corporation required to be maintained pursuant to Section 2 hereof.

Section 5. Annual Meeting. The annual meeting of the stockholders of

the corporation shall be held on any date and time which may from time to time be designated by the Board of Directors. At such annual meeting, directors shall be elected and any other business may be transacted that may properly come before the meeting.

Section 6. Special Meetings. Special meetings of the stockholders of

the corporation may be called, for any purpose or

purposes, by the Chairman of the Board of Directors ("Chairman of the Board"), the Chief Executive Officer, the President, or the Board of Directors at any time.

Section 7. Notice of Meetings. Except as otherwise provided by law or -----

the Certificate of Incorporation, written notice of each meeting of stockholders shall be given not less than ten (10) nor more than sixty (60) days before the date of the meeting to each stockholder entitled to vote at such meeting, such notice to specify the place, date and hour and purpose or purposes of the meeting. Notice of the time, place and purpose of any meeting of stockholders may be waived in writing, signed by the person entitled to notice thereof, either before or after such meeting, and will be waived by any stockholder by his attendance thereat in person or by proxy, except when the stockholder attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Any stockholder so waiving notice of such meeting shall be bound by the proceedings of any such meeting in all respects as if due notice thereof had been given.

Section 8. Quorum. At all meetings of stockholders, except where -----

otherwise provided by statute or by the Certificate of Incorporation, or by these Bylaws, the presence, in person or by proxy duly authorized, of the holders of a majority of the outstanding shares of stock entitled to vote shall constitute a quorum for the transaction of business. Any shares, the voting of which at said meeting has been enjoined, or which for any reason cannot be lawfully voted at such meeting, shall not be counted to determine a quorum at such meeting. In the absence of a quorum any meeting of stockholders may be adjourned, from time to time, by vote of the holders of a majority of the shares represented thereat, but no other business shall be transacted at such meeting. The stockholders present at a duly called or convened meeting, at which a quorum is present, may continue to transact business until adjournment, notwithstanding the withdrawal of enough stockholders to leave less than a quorum. Except as otherwise provided by law, the Certificate of Incorporation or these Bylaws, all action taken by the holders of a majority of the voting power represented at any meeting at which a quorum is present shall be valid and binding upon the corporation.

Section 9. Adjournment and Notice of Adjourned Meetings. Any meeting of -----

stockholders, whether annual or special, may be adjourned from time to time by the vote of a majority of the shares, the holders of which are present either in person or by proxy. When a meeting is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting the corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than thirty (30) days, or if after the adjournment a new record date is fixed

for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

Section 10. Voting Rights. For the purpose of determining those

stockholders entitled to vote at any meeting of the stockholders, except as otherwise provided by law, only persons in whose names shares stand on the stock records of the corporation on the record date, as provided in Section 12 of these Bylaws, shall be entitled to vote at any meeting of stockholders. Every person entitled to vote or execute consents shall have the right to do so either in person or by an agent or agents authorized by a written proxy executed by such person or his duly authorized agent, which proxy shall be filed with the Secretary at or before the meeting at which it is to be used. An agent so appointed need not be a stockholder. No proxy shall be voted on after three (3) years from its date of creation unless the proxy provides for a longer period. All elections of Directors shall be by written ballot, unless otherwise provided in the Certificate of Incorporation.

Section 11. Joint Owners of Stock. If shares or other securities having

voting power stand of record in the names of two (2) or more persons, whether fiduciaries, members of a partnership, joint tenants, tenants in common, tenants by the entirety, or otherwise, or if two (2) or more persons have the same fiduciary relationship respecting the same shares, unless the Secretary is given written notice to the contrary and is furnished with a copy of the instrument or order appointing them or creating the relationship wherein it is so provided, their acts with respect to voting shall have the following effect: (a) if only one (1) votes, his act binds all; (b) if more than one (1) votes, the act of the majority so voting binds all; (c) if more than one (1) votes, but the vote is evenly split on any particular matter, each faction may vote the securities in question proportionally, or may apply to the Delaware Court of Chancery for relief as provided in the General Corporation Law of Delaware, Section 217(b). If the instrument filed with the Secretary shows that any such tenancy is held in unequal interests, a majority or even-split for the purpose of this subsection (c) shall be a majority or even-split in interest.

Section 12. List of Stockholders. The Secretary shall prepare and make,

at least ten (10) days before every meeting of stockholders, a complete list of the stockholders entitled to vote at said meeting, arranged in alphabetical order, showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten (10) days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not specified, at the place where the meeting is to be held. The list shall be

produced and kept at the time and place of meeting during the whole time thereof, and may be inspected by any stockholder who is present.

Section 13. No Action Without Meeting. Any action required or permitted

to be taken by the stockholders of the corporation must be effected at a duly called annual or special meeting of such holders and may not be effected by any consent in writing by such holders.

Section 14. Organization. At every meeting of stockholders, the Chairman

of the Board, or, if the Chairman of the Board is absent, the Chief Executive Officer, or, if the Chief Executive Officer is absent, the President, or, if the President is absent, the most senior Vice President present, or in the absence of any such officer, a chairman of the meeting chosen by a majority in interest of the stockholders entitled to vote, present in person or by proxy, shall act as chairman. The Secretary, or, in his absence, an Assistant Secretary directed to do so by the Chief Executive Officer, shall act as secretary of the meeting.

Section 15. Notifications of Nominations and Proposed Business. Subject

to the rights of holders of any class or series of stock having a preference over the Common Stock as to dividends or upon liquidation,

(x) nominations for the election of directors, and

(y) business proposed to be brought before any stockholder meeting,

may be made by the Board of Directors or a proxy committee appointed by the Board of Directors or by any stockholder entitled to vote in the election of directors generally. However, any such stockholder may nominate one or more persons for election as directors at a meeting or propose business to be brought before a meeting, or both, only if such stockholder has given timely notice in proper written form of his intent to make such nomination or nominations or to propose such business. To be timely, a stockholder's notice must be delivered to or mailed and received by the Secretary of the corporation not later than 90 days prior to such meeting; provided, however, that in the event that less than 100 days' notice or prior public disclosure of the date of the meeting is given or made to stockholders, notice by the stockholder to be timely must be received not later than the close of business on the 10th day following the date on which such notice of the date of such meeting was mailed or such public disclosure was made. To be in proper written form, a stockholder's notice to the Secretary shall set forth:

(a) the name and address of the stockholder who intends to make the nominations or propose the business and, as the case may

be, of the person or persons to be nominated or of the business to be proposed;

(b) a representation that the stockholder is a holder of record of stock of the corporation entitled to vote at such meeting and, if applicable, intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice;

(c) if applicable, a description of all arrangements or understandings between the stockholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the stockholder;

(d) such other information regarding each nominee or each matter of business to be proposed by such stockholder as would be required to be included in a proxy statement filed pursuant to the proxy rules of the Securities and Exchange Commission had the nominee been nominated, or intended to be nominated, or the matter been proposed, or intended to be proposed by the Board of Directors; and

(e) if applicable, the consent of each nominee to serve as director of the corporation if so elected.

The chairman of the meeting may refuse to acknowledge the nomination of any person or the proposal of any business not made in compliance with the foregoing procedure.

ARTICLE IV

Directors

Section 16. Number. The authorized number of directors of the

corporation shall be fixed from time to time by the Board of Directors. The number of directors presently authorized is eleven. Directors need not be stockholders unless so required by the Certificate of Incorporation. If for any cause the directors shall not have been elected at an annual meeting, they may be elected as soon thereafter as convenient at a special meeting of the stockholders called for that purpose in the manner provided in these Bylaws.

Section 17. Classes of Directors. The Board of Directors shall be

divided into three classes: Class I, Class II and Class III, which shall be as nearly equal in number as possible. Each director shall serve for a term ending on the date of the third annual meeting of stockholders following the annual meeting at which the director was elected. Notwithstanding the foregoing provisions of this section, each director shall serve until his successor is duly elected and qualified or until his death, resignation or removal.

Section 18. Newly Created Directorships and Vacancies. In the event of

any increase or decrease in the authorized number of directors, the newly created or eliminated directorships resulting from such increase or decrease shall be apportioned by the Board of Directors among the three classes of directors so as to maintain such classes as nearly equal in number as possible. No decrease in the number of directors constituting the Board of Directors shall shorten the term of any incumbent director. Newly created directorships resulting from any increase in the number of directors and any vacancies on the Board of Directors resulting from death, resignation, disqualification, removal or other cause shall be filled by the affirmative vote of a majority of the remaining directors then in office (and not by stockholders), even though less than a quorum of the authorized Board of Directors. Any director elected in accordance with the preceding sentence shall hold office for the remainder of the full term of the class of directors in which the new directorship was created or the vacancy occurred and until such director's successors shall have been elected and qualified.

Section 19. Powers. The powers of the corporation shall be exercised,

its business conducted and its property controlled by the Board of Directors, except as may be otherwise provided by statute or by the Certificate of Incorporation.

Section 20. Resignation. Any director may resign at any time by

delivering his written resignation to the Secretary, such resignation to specify whether it will be effective at a particular time, upon receipt by the Secretary or at the pleasure of the Board of Directors. If no such specification is made, it shall be deemed effective at the pleasure of the Board of Directors. When one or more directors shall resign from the Board of Directors, effective at a future date, a majority of the directors then in office, including those who have so resigned, shall have power to fill such vacancy or vacancies, the vote thereon to take effect when such resignation or resignations shall become effective, and each Director so chosen shall hold office for the unexpired portion of the term of the director whose place shall be vacated and until his successor shall have been duly elected and qualified.

Section 21. Removal. At a special meeting of stockholders called for the

purpose in the manner hereinabove provided, the Board of Directors, or any individual director, may be removed from office, with cause, and one or more new directors may be elected, by a vote of stockholders holding a majority of the outstanding shares entitled to vote at an election of Directors.

Section 22. Meetings.

(a) Annual Meetings. The annual meeting of the Board of Directors

shall be held on the date of the annual meeting of stockholders and at the place where such meeting is held. No

notice of an annual meeting of the Board of Directors shall be necessary and such meeting shall be held for the purpose of electing officers and transacting such other business as may lawfully come before it.

(b) Regular Meetings. Except as hereinafter otherwise provided,

regular meetings of the Board of Directors shall be held in the office of the corporation required to be maintained pursuant to Section 2 hereof. Unless otherwise restricted by the Certificate of Incorporation, regular meetings of the Board of Directors also may be held at any place within or without the State of Delaware which has been designated by resolution of the Board of Directors or the written consent of all Directors.

(c) Special Meetings. Unless otherwise restricted by the Certificate

of Incorporation, special meetings of the Board of Directors may be held at any time and place within or without the State of Delaware whenever called by the Chairman of the Board, the Chief Executive Officer, the President or a majority of the Directors.

(d) Telephone Meetings. Any member of the Board of Directors, or of

any committee thereof, may participate in a meeting by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting by such means shall constitute presence in person at such meeting.

(e) Notice of Meetings. Written notice of the time and place of all

regular and special meetings of the Board of Directors shall be given at least one (1) day before the date of the meeting. Notice of any meeting may be waived in writing at any time before or after the meeting and will be waived by any director by attendance thereat, except when the director attends the meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

(f) Waiver of Notice. The transaction of all business at any meeting

of the Board of Directors, or any committee thereof, however called or noticed, or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice, if a quorum is present and if, either before or after the meeting, each of the Directors not present sign a written waiver of notice, or a consent to holding such meeting, or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

Section 23. Quorum and Voting.

(a) Quorum. Unless the Certificate of Incorporation requires a

greater number, a quorum of the Board of Directors

shall consist of a majority of the exact number of Directors fixed from time to time in accordance with Section 16 of these Bylaws, but not less than one (1); provided, however, at any meeting whether a quorum is present or otherwise, a majority of the directors present may adjourn from time to time until the time fixed for the next regular meeting of the Board of Directors, without notice other than by announcement at the meeting.

(b) Majority Vote. At each meeting of the Board of Directors at which

a quorum is present all questions and business shall be determined by a vote of a majority of the Directors present, unless a different vote is required by law, the Certificate of Incorporation or these Bylaws.

Section 24. Action without Meeting. Unless otherwise restricted by the

Certificate of Incorporation or these Bylaws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if all members of the Board of Directors or committee, as the case may be, consent thereto in writing, and such writing or writings are filed with the minutes of proceedings of the Board of Directors or committee.

Section 25. Fees and Compensation. Directors shall not receive any

stated salary for their services as Directors, but by resolution of the Board of Directors a fixed fee, with or without expense of attendance, may be allowed for serving on the Board of Directors and/or attendance at each meeting and at each meeting of any committee of the Board of Directors. Nothing herein contained shall be construed to preclude any director from serving the corporation in any other capacity as an officer, agent, consultant, employee, or otherwise and receiving compensation therefor.

Section 26. Committees.

(a) Executive Committee. The Board of Directors may by resolution

passed by a majority of the whole Board of Directors, appoint an Executive Committee to consist of one (1) or more members of the Board of Directors. The Executive Committee, to the extent permitted by law and specifically granted by the Board of Directors, shall have and may exercise when the Board of Directors is not in session all powers of the Board of Directors in the management of the business and affairs of the corporation, including, without limitation, the power and authority to declare a dividend or to authorize the issuance of stock, except such committee shall not have the power or authority to amend the Certificate of Incorporation (except that the committee may, to the extent authorized in the resolution or resolutions providing for the issuance of shares of stock adopted by the Board of Directors as provided by law, fix any of the preferences or rights of such shares relating to dividends, redemption, dissolution, any distribution of assets of the

corporation or the conversion into, or the exchange of such shares for shares of any other class or classes or any other series of the same or any other class or classes of stock of the corporation), to adopt an agreement of merger or consolidation, to recommend to the stockholders the sale, lease or exchange of all or substantially all of the corporation's property and assets, to recommend to the stockholders a dissolution of the corporation or a revocation of a dissolution or to amend these Bylaws.

(b) Other Committees. The Board of Directors may, by resolution

passed by a majority of the whole Board of Directors, from time to time appoint such other committees as may be permitted by law. Such other committees appointed by the Board of Directors shall consist of one (1) or more members of the Board of Directors, and shall have such powers and perform such duties as may be prescribed by the resolution or resolutions creating such committees, but in no event shall such committee have the powers denied to the Executive Committee in these Bylaws.

(c) Term. Each member of a committee of the Board of Directors shall

serve a term on the committee coexistent with such member's term on the Board of Directors. The Board of Directors, subject to the provisions of subsections (a) or (b) of this Section 26, may at any time increase or decrease the number of members of a committee or terminate the existence of a committee. The membership of a committee member shall terminate on the date of his death or voluntary resignation. The Board of Directors may at any time for any reason remove any individual committee member and the Board of Directors may fill any committee vacancy created by death, resignation, removal or increase in the number of members of the committee. The Board of Directors may designate one or more Directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee, and, in addition, in the absence or disqualification of any member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member.

(d) Meetings. Unless the Board of Directors shall otherwise provide,

regular meetings of the Executive Committee or any other committee appointed pursuant to this Section 26 shall be held at such times and places as are determined by the Board of Directors, or by any such committee, and when notice thereof has been given to each member of such committee, no further notice of such regular meetings need be given thereafter. Special meetings of any such committee may be held at the principal office of the corporation required to be maintained pursuant to Section 2 hereof, or at any place which has been designated from time to time by resolution of such committee or

by written consent of all members thereof, and may be called by any director who is a member of such committee, upon written notice to the members of such committee of the time and place of such special meeting given in the manner provided for the giving of written notice to members of the Board of Directors of the time and place of special meetings of the Board of Directors. Notice of any special meeting of any committee may be waived in writing at any time before or after the meeting and will be waived by any director by attendance thereat, except when the director attends such special meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. A majority of the authorized number of members of any such committee shall constitute a quorum for the transaction of business, and the act of a majority of those present at any meeting at which a quorum is present shall be the act of such committee.

Section 27. Organization. At every meeting of the directors, the

Chairman of the Board, or, if the Chairman of the Board is absent, the Chief Executive Officer, or if the Chief Executive Officer is absent, the President, or if the President is absent, the most senior Vice President, or, in the absence of any such officer, a chairman of the meeting chosen by a majority of the directors present, shall preside over the meeting. The Secretary, or in his absence, an Assistant Secretary directed to do so by the Chief Executive Officer, shall act as secretary of the meeting.

ARTICLE V

Officers

Section 28. Officers Designated. The officers of the corporation shall

be the Chairman of the Board, the Chief Executive Officer, the President and Chief Operating Officer, one or more Vice Presidents, the Chief Financial Officer and the Secretary, all of whom shall be elected at the annual meeting of the Board of Directors. The Board of Directors also may appoint such other officers and agents with such powers and duties as it shall deem necessary. The order of the seniority of the Vice Presidents shall be in the order of their nomination, unless otherwise determined by the Board of Directors. The Board of Directors may assign such additional titles to one or more of the officers as it shall deem appropriate. Any one person may hold any number of offices of the corporation at any one time unless specifically prohibited therefrom by law. The salaries and other compensation of the officers of the corporation shall be fixed by or in the manner designated by the Board of Directors.

Section 29. Tenure and Duties of Officers.

(a) General. All officers shall hold office at the pleasure of the

Board of Directors and until their successors

shall have been duly elected and qualified, unless sooner removed. Any officer elected or appointed by the Board of Directors may be removed at any time by the Board of Directors. If the office of any officer becomes vacant for any reason, the vacancy may be filled by the Board of Directors.

(b) Duties of Chairman of the Board. The Chairman of the Board,

subject to the control of the Board of Directors, shall perform such duties and functions as are necessary to further the strategic direction of the corporation. Unless the Board of Directors designates another person, the Chairman of the Board shall preside at all meetings of the stockholders, the Board of Directors and of the Executive Committee.

(c) Duties of Chief Executive Officer. The Chief Executive Officer,

at the request of the Chairman of the Board or upon his absence or disability, or in the event of a vacancy in the office of Chairman of the Board, shall exercise all the powers of Chairman of the Board as provided in Subsection 29(b). The Chief Executive Officer shall, subject to the control of the Board of Directors, exercise general management and supervision over the property, affairs and business of the corporation and shall authorize officers of the corporation, other than the Chairman of the Board, to exercise such powers as he, in his discretion, may deem to be in the best interests of the corporation. The Chief Executive Officer shall in general perform all duties incident to general management and supervision of the corporation and such other duties as the Board of Directors shall designate from time to time.

(d) Duties of President and Chief Operating Officer. The President

and Chief Operating Officer, at the request of the Chief Executive Officer or upon his absence or disability, or in the event of a vacancy in the office of Chief Executive Officer, shall exercise all the powers of Chief Executive Officer as provided in Subsection 29(c). The President and Chief Operating Officer shall, subject to the control of the Chief Executive Officer and the Board of Directors, exercise general management and supervision over the operating functions of the corporation, and shall authorize officers of the corporation, other than the Chairman of the Board and the Chief Executive Officer, to exercise such powers with respect to the operating function of the corporation as he, in his discretion, may deem to be in the best interests of the corporation. The President and Chief Operating Officer shall perform such other duties and have such other powers as the Board of Directors shall designate from time to time.

(e) Duties of Vice Presidents. The Vice Presidents, in the order of

their seniority, may assume and perform the duties of the President and Chief Operating Officer in the absence or disability of the Chief Executive Officer and the President and Chief Operating Officer or whenever the offices of Chief Operating Officer and President and Chief Operating Officer

are vacant. The Vice Presidents shall perform other duties commonly incident to their office and also shall perform such other duties and have such other powers as the Board of Directors, the Chief Executive Officer, or the President and Chief Operating Officer shall designate from time to time.

(f) Duties of Chief Financial Officer. The Chief Financial

Officer shall keep or cause to be kept the books of account of the corporation in a thorough and proper manner, and shall render statements of the financial affairs of the corporation in such form and as often as required by the Board of Directors or the Chief Executive Officer. The Chief Financial Officer, subject to the order of the Board of Directors, shall have the custody of all funds and securities of the corporation. The Chief Financial Officer shall perform other duties commonly incident to his office and also shall perform such other duties and have such other powers as the Board of Directors or the Chief Executive Officer shall designate from time to time. The Chief Executive Officer may direct any Assistant Chief Financial Officer to assume and perform the duties of the Chief Financial Officer in the absence or disability of the Chief Financial Officer, and each Assistant Chief Financial Officer shall perform other duties commonly incident to his office and also shall perform such other duties and have such other powers as the Board of Directors or the Chief Executive Officer shall designate from time to time.

(g) Duties of Secretary. The Secretary shall attend all meetings

of the stockholders and of the Board of Directors, and shall record all acts and proceedings thereof in the minute books of the corporation. The Secretary shall give notice in conformity with these Bylaws of all meetings of the stockholders, and of all meetings of the Board of Directors and any committee thereof requiring notice. The Secretary shall perform all other duties given him in these Bylaws and other duties commonly incident to his office and also shall perform such other duties and have such other powers as the Board of Directors shall designate from time to time. The Chief Executive Officer may direct any Assistant Secretary to assume and perform the duties of the Secretary in the absence or disability of the Secretary, and each Assistant Secretary shall perform other duties commonly incident to his office and also shall perform such other duties and have such other powers as the Board of Directors or the Chief Executive Officer shall designate from time to time.

Section 30. Resignations. Any officer may resign at any time by giving

written notice to the Board of Directors or to the Chief Executive Officer or to the President or to the Secretary. Any such resignation shall be effective when received by the person or persons to whom such notice is given, unless a later time is specified therein, in which event the resignation shall become effective at such later time. Unless otherwise specified in such notice, the acceptance of any such resignation shall not be necessary to make it effective.

Section 31. Removal. Any officer may be removed from office at any time,

with or without cause, by the vote or written consent of a majority of the directors in office at the time, or by any committee or superior officers upon whom such power of removal may have been conferred by the Board of Directors.

Section 32. Compensation. The compensation of the officers shall be

fixed from time to time by the Board of Directors, and no officer shall be prevented from receiving such compensation by reason of the fact that such officer is also a director of the corporation.

ARTICLE VI

Execution of Corporate Instruments and Voting of Securities Owned by the Corporation

Section 33. Execution of Corporate Instruments. The Board of Directors

may, in its discretion, determine the method and designate the signatory officer or officers, or other person or persons, to execute on behalf of the corporation any corporate instrument or document, or to sign on behalf of the corporation the corporate name without limitation, or to enter into contracts on behalf of the corporation, except where otherwise provided by law or these Bylaws, and such execution or signature shall be binding upon the corporation.

Unless otherwise specifically determined by the Board of Directors or otherwise required by law, promissory notes, deeds of trust, mortgages and other evidences of indebtedness of the corporation, and other corporate instruments or documents requiring the corporate seal, and certificates of shares of stock owned by the corporation, shall be executed, signed or endorsed by the Chairman of the Board, or the Chief Executive Officer, or the President or any Vice President, and by the Secretary or Treasurer or any Assistant Secretary or Assistant Treasurer. All other instruments and documents requiring the corporate signature, but not requiring the corporate seal, may be executed as aforesaid or in such other manner as may be directed by the Board of Directors.

All checks and drafts drawn on banks or other depositaries on funds to the credit of the corporation or in special accounts of the corporation shall be signed by such person or persons as the Board of Directors shall authorize so to do.

Section 34. Voting of Securities Owned by the Corporation. All stock

and other securities of other corporations owned or held by the corporation for itself, or for other parties in any capacity, shall be voted, and all proxies with respect thereto shall be executed, by the person authorized to do so by resolution of the Board of Directors, or, in the

absence of such authorization, by the Chairman of the Board, the Chief Executive Officer, the President, or any Vice President.

ARTICLE VII

Shares of Stock

Section 35. Form and Execution of Certificates. The shares of the

corporation shall be represented by certificates, provided that the Board of Directors of the corporation may provide by resolution or resolutions that some or all of any or all classes or series of its stock shall be uncertificated shares. Any such resolution shall not apply to shares represented by a certificate until such certificate is surrendered to the corporation. Notwithstanding the adoption of such a resolution by the Board of Directors, every holder of stock represented by certificates and upon request every holder of uncertificated shares shall be entitled to have a certificate signed by, or in the name of the corporation by, the Chairman of the Board or any vice-chairman of the Board of Directors, or the Chief Executive Officer, or the President or any Vice-President, and by the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary of the corporation representing the number of shares registered in certificate form. Any or all the signatures on the certificate may be a facsimile. In case any officer, transfer agent, or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the corporation with the same effect as if he were such officer, transfer agent or registrar at the date of issue.

Section 36. Lost Certificates. The corporation may issue a new

certificate of stock or uncertificated shares in place of any certificate theretofore issued by the corporation alleged to have been lost, stolen or destroyed, and the corporation may require the owner of such lost, stolen or destroyed certificate, or his legal representative, to give the corporation a bond sufficient to indemnify it against any claim that may be made against the corporation on account of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate or uncertificated shares.

Section 37. Transfers. Transfers of record of shares of stock of the

corporation shall be made only upon its books by the holders thereof, in person or by attorney duly authorized, and upon the surrender of a properly endorsed certificate or certificates for a like number of shares.

Section 38. Fixing Record Dates. In order that the corporation may

determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend

or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which shall not be more than sixty (60) nor less than ten (10) days before the date of such meeting, nor more than sixty (60) days prior to any other action. If no record date is fixed: (a) the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held; and (b) the record date for determining stockholders for any other purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

Section 39. Registered Stockholders. The corporation shall be entitled

to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

Section 40. Issuance, Transfer and Resignation of Shares. The Board of

Directors may make such rules and regulations, not inconsistent with law or with these Bylaws, as it may deem advisable concerning the issuance, transfer and registration of certificates for shares of the capital stock of the corporation. The Board of Directors may appoint a transfer agent or registrar of transfers, or both, and may require all certificates for shares of the corporation to bear the signature of either or both.

ARTICLE VIII

Other Securities of the Corporation

Section 41. Execution of Other Securities. All bonds, debentures and

other corporate securities of the corporation, other than stock certificates, may be signed by the Chairman of the Board, Chief Executive Officer, the President or any Vice President, or such other person as may be authorized by the Board of Directors, and the corporate seal impressed thereon or a facsimile of such seal imprinted thereon and attested by the signature of the Secretary or an Assistant Secretary, or the Treasurer or an Assistant Treasurer; provided, however, that where any such bond, debenture or other corporate security shall be authenticated by the manual signature of a trustee under an

indenture pursuant to which such bond, debenture or other corporate security shall be issued, the signatures of the persons signing and attesting the corporate seal on such bond, debenture or other corporate security may be the imprinted facsimile of the signatures of such persons. Interest coupons appertaining to any such bond, debenture or other corporate security, authenticated by a trustee as aforesaid, shall be signed by the Treasurer or an Assistant Treasurer of the corporation or such other person as may be authorized by the Board of Directors, or bear imprinted thereon the facsimile signature of such person. In case any officer who shall have signed or attested any bond, debenture or other corporate security, or whose facsimile signature shall appear thereon or on any such interest coupon, shall have ceased to be such officer before the bond, debenture or other corporate security so signed or attested shall have been delivered, such bond, debenture or other corporate security nevertheless may be adopted by the corporation and issued and delivered as though the person who signed the same or whose facsimile signature shall have been used thereon had not ceased to be such officer of the corporation.

ARTICLE IX

Dividends

Section 42. Declaration of Dividends. Dividends upon the capital stock

of the corporation, subject to the provisions of the Certificate of Incorporation, if any, may be declared by the Board of Directors pursuant to law at any regular or special meeting. Dividends may be paid in cash, in property, or in shares of the capital stock, subject to the provisions of the Certificate of Incorporation.

Section 43. Dividend Reserve. Before payment of any dividend, there may

be set aside out of any funds of the corporation available for dividends such sum or sums as the Board of Directors may from time to time, in its absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purpose as the Board of Directors shall think conducive to the interests of the corporation, and the Board of Directors may modify or abolish any such reserve in the manner in which it was created.

ARTICLE X

Fiscal Year

Section 44. Fiscal Year. Unless otherwise fixed by resolution of the

Board of Directors, effective as of January 1, 1992, the fiscal year of the corporation shall end on the 31st day of the month of December in each calendar year.

ARTICLE XI

Indemnification of Directors, Officers
Employees and Other Agents

Section 45. Indemnification of Directors, Officers, Employees and

Other Agents.

(a) Directors and Officers. The corporation shall indemnify its

directors and officers to the full extent permitted by the Delaware General Corporation Law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the corporation to provide broader indemnification rights than said Law permitted the corporation to provide prior to such amendment); provided, further, that the

corporation shall not be required to indemnify any director or officer in connection with any proceeding (or part thereof) initiated by such person or any proceeding by such person against the corporation or its directors, officers, employees or other agents unless (i) such indemnification is expressly required to be made by law, (ii) the proceeding was authorized by the Board of Directors of the corporation or (iii) such indemnification is provided by the corporation, in its sole discretion, pursuant to the powers vested in the corporation under the Delaware General Corporation Law, or (iv) such indemnification is required to be made under subsection (d) of this Article XI.

(b) Other Employees and Other Agents. The corporation shall have the

power to indemnify its other employees and other agents as set forth in the Delaware General Corporation Law.

(c) Expenses. The corporation shall advance to any person who was or

is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he is or was a director or officer of the corporation, or is or was serving at the request of the corporation as a director or officer of another corporation, partnership, joint venture, trust or other enterprise, prior to the final disposition of any such proceeding, promptly following request therefor, all expenses incurred by any director or officer in connection with such proceeding upon receipt of any undertaking by or on behalf of such person to repay said amounts if it should be determined ultimately that such person is not entitled to be indemnified under this Bylaw or otherwise.

Notwithstanding the foregoing, unless otherwise determined pursuant to paragraph (d) of this Bylaw, no advance shall be made by the corporation to an officer of the corporation in any action, suit or proceeding, whether civil, criminal, administrative or investigate, if a determination is reasonably

and promptly made (1) by the Board of Directors by a majority vote of a quorum consisting of directors who were not parties to the proceeding, or (2) if such quorum is not obtainable, or, even if obtainable, a quorum of disinterested directors so directs, by independent legal counsel in a written opinion that, the facts known to the decision-making party at the time such determination is made demonstrate clearly and convincingly that such person acted in bad faith or in a manner that such person did not reasonably believe to be in or not opposed to the best interests of the corporation, or, with respect to any criminal action or proceeding, such person believed or had reasonable cause to believe his conduct was unlawful, except by reason of the fact that such officer is or was a director of the corporation or is or was serving at the request of the corporation as a director of another corporation, joint venture, trust or other enterprise in which event this paragraph shall not apply.

(d) Enforcement. Without the necessity of entering into an express

contract, all rights to indemnification and advances under this Bylaw shall be deemed to be contractual rights and be effective to the same extent and as if provided for in a contract between the corporation and the director or officer who serves in such capacity at any time while this Bylaw and other relevant provisions of the Delaware General Corporation Law and other applicable law, if any, are in effect. Any right to indemnification or advances granted by this Bylaw to a director or officer shall be enforceable by or on behalf of the person holding such right in any court of competent jurisdiction if (i) the claim for indemnification or advances is denied, in whole or in part, or (ii) no disposition of such claim is made within ninety (90) days of request therefor. The claimant in such enforcement action, if successful in whole or in part, shall be entitled to be paid also the expense of prosecuting his claim. In connection with any claim for indemnification, the corporation shall be entitled to raise as a defense to any such action that the claimant has not met the standards of conduct which make it permissible under the Delaware General Corporation Law for the corporation to indemnify the claimant for the amount claimed. In connection with any claim by an officer of the corporation (except in any action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such officer is or was a director of the corporation or is or was serving at the request of the corporation as a director of another corporation, partnership, joint venture, trust or other enterprise) for advances, the corporation shall be entitled to raise a defense as to any such action clear and convincing evidence that such person acted in bad faith or in a manner that such person did not reasonably believe to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, such person believed or had reasonable cause to believe his conduct was unlawful. Neither the failure of the corporation (including its Board of Directors, independent legal counsel or its stockholders) to have made a determination prior to the commencement of such action that

indemnification of the claimant is proper in the circumstances because he has met the applicable standard of conduct set forth in the Delaware General Corporation Law, nor an actual determination by the corporation (including its Board of Directors, independent legal counsel or its stockholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that claimant has not met the applicable standard of conduct. In any suit brought by a director or officer to enforce a right to indemnification or to an advancement of expenses hereunder, the burden of proving that the director or officer is not entitled to be indemnified, or to such advancement of expenses, under this Article XI or otherwise shall be on the corporation.

(e) Non-Exclusivity of Rights. The rights conferred on any

person by this Bylaw shall not be exclusive of any other right which such person may have or hereafter acquire under any statute, provision of the Certificate of Incorporation, Bylaws, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding office. The corporation is specifically authorized to enter into individual contracts with any or all of its directors, officers, employees or agents respecting indemnification and advances, as provided by law.

(f) Survival of Rights. The rights conferred on any person by

this Bylaw shall continue as to a person who has ceased to be a director, officer, employee or other agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

(g) Insurance. To the fullest extent permitted by the Delaware

General Corporation Law, the corporation, upon approval by the Board of Directors, may purchase insurance on behalf of any person required or permitted to be indemnified pursuant to this Bylaw.

(h) Amendments. Any repeal or modification of this Bylaw shall

only be prospective and shall not affect the rights under this Bylaw in effect at the time of the alleged occurrence of any action or omission to act that is the cause of any proceeding against any agent of the corporation.

(i) Savings Clause. If this Bylaw or any portion hereof shall be

invalidated on any ground by any court of competent jurisdiction, then the corporation all nevertheless indemnify each director and officer to the full extent permitted by any applicable portion of this Bylaw that shall not have been invalidated, or by any other applicable law.

(j) Certain Definitions. For the purposes of this Bylaw, the

following definitions shall apply:

(i) The term "proceeding" shall be broadly construed and shall include, without limitation, the investigation, preparation, prosecution, defense, settlement, arbitration and appeal of, and the giving of testimony in, any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative.

(ii) The term "expenses" shall be broadly construed and shall include, without limitation, court costs, attorneys' fees, witness fees, fines, amounts paid in settlement or judgment and any other costs and expenses of any nature or kind incurred in connection with any proceeding.

(iii) The term the "corporation" shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, and employees or agents, so that any person who is or was a director, officer, employee or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under the provisions of this Bylaw with respect to the resulting or surviving corporation as he would have with respect to such constituent corporation if its separate existence had continued.

(iv) References to a "director," "officer," "employee," or "agent" of the corporation shall include, without limitation, situations where such person is serving at the request of the corporation as, respectively, a director, officer, employee, trustee or agent of another corporation, partnership, joint venture, trust or other enterprise.

(v) References to "other enterprises" shall include employee benefit plans; references to "fines" shall include any excise taxes assessed on a person with respect to any employee benefit plan; and references to "serving at the request of the corporation" shall include any service as a director, officer, employee or agent of the corporation which imposes duties on, or involves services by, such director, officer, employee, or agent with respect to an employee benefit plan, its participants, or beneficiaries; and a person who acted in good faith and in a manner he reasonably believed to be in the interest of the participants and beneficiaries of an

employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the corporation" as referred to in this Bylaw.

ARTICLE XII

Notices

Section 46. Notices.

(a) Notice to Stockholders. Whenever under any provisions of

these Bylaws notice is required to be given to any stockholder, it shall be given in writing, timely and duly deposited in the United States mail, postage prepaid, and addressed to his last known post office address as shown by the stock record of the corporation or its transfer agent.

(b) Notice to Directors. Any notice required to be given to any

director may be given by the method stated in subsection (a), or by telegram, except that such notice other than one which is delivered personally shall be sent to such address as such director shall have filed in writing with the Secretary, or, in the absence of such filing, to the last known post office address of such director.

(c) Address Unknown. If no address of a stockholder or director be

known, notice may be sent to the office of the corporation required to be maintained pursuant to Section 2 hereof.

(d) Affidavit of Mailing. An affidavit of mailing, executed by a duly

authorized and competent employee of the corporation or its transfer agent appointed with respect to the class of stock affected, specifying the name and address or the names and addresses of the stockholder or stockholders, or director or directors, to whom any such notice or notices was or were given, and the time and method of giving the same, shall be conclusive evidence of the statements therein contained.

(e) Time Notices Deemed Given. All notices given by mail, as above

provided, shall be deemed to have been given as at the time of mailing and all notices given by telegram shall be deemed to have been given as at the sending time recorded by the telegraph company transmitting the notices.

(f) Methods of Notice. It shall not be necessary that the same method

of giving notice be employed in respect of all directors, but one permissible method may be employed in respect of any one or more, and any other permissible method or methods may be employed in respect of any other or others.

(g) Failure to Receive Notice. The period or limitation of time

within which any stockholder may exercise any option or right, or enjoy any privilege or benefit, or be

required to act, or within which any director may exercise any power or right, or enjoy any privilege, pursuant to any notice sent him in the manner above provided, shall not be affected or extended in any manner by the failure of such stockholder or such director to receive such notice.

(h) Notice to Person with Whom Communication Is Unlawful. Whenever

notice is required to be given, under any provision of law or of the Certificate of Incorporation or Bylaws of the corporation, to any person with whom communication is unlawful, the giving of such notice to such person shall not be required and there shall be no duty to apply to any governmental authority or agency for a license or permit to give such notice to such person. Any action or meeting which shall be taken or held without notice to any such person with whom communication is unlawful shall have the same force and effect as if such notice had been duly given. In the event that the action taken by the corporation is such as to require the filing of a certificate under any provision of the Delaware General Corporation Law, the certificate shall state, if such is the fact and if notice is required, that notice was given to all persons entitled to receive notice except such persons with whom communication is unlawful.

ARTICLE XIII

Amendments

Section 47. Amendments. These Bylaws may be repealed, altered or amended

or new Bylaws adopted by the affirmative vote of the holders of not less than sixty-six and two-thirds percent (66-2/3%) of the outstanding shares of stock entitled to vote upon the election of directors. The Board of Directors also shall have the authority, if such authority is conferred upon the Board of Directors by the Certificate of Incorporation, to repeal, alter or amend these Bylaws or adopt new Bylaws (including, without limitation, the amendment of any Bylaw setting forth the number of directors who shall constitute the whole Board of Directors) subject to the foregoing power of the stockholders to change or repeal such Bylaws and provided that the Board of Directors shall not make or alter any Bylaws fixing the qualifications, classifications, term of office or compensation of directors.

ARTICLE XIV

Loans of Officers and Others

Section 48. Certain Corporate Loans and Guaranties. The corporation may

make loans of money or property to, or guarantee the obligations of, or otherwise assist any officer or other employee who is a director of the corporation or its parent or any subsidiary, or adopt an employee benefit plan or plans authorizing such loans or guaranties, upon the approval of the Board of Directors alone if the Board of Directors determines that such a loan or guaranty or plan may reasonably be expected to benefit the corporation.

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTAINED IN THE COMPANY'S QUARTERLY REPORT ON FORM 10-Q FOR THE QUARTER ENDED SEPTEMBER 30, 2000 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

1,000,000

9-MOS	DEC-31-2000	JAN-01-2000	SEP-30-2000
			160
		1,707	
		325	
		21	
		294	
	2,622		
			2,620
		905	
		4,898	
723			223
0			0
			0
		3,952	
4,898			2,355
	2,678		
			297
		297	
		595	
		0	
		12	
		1,354	
		427	
928			
		0	
		0	
			0
		928	
		0.90	
		0.86	

ITEM CONSISTS OF RESEARCH AND DEVELOPMENT EXPENSES.

AMGEN INC.

Factors That May Affect Amgen

Amgen operates in a rapidly changing environment that involves a number of risks, some of which are beyond our control. The following discussion highlights some of these risks and others are discussed elsewhere herein.

Product development

We intend to continue an aggressive product development program. Successful product development in the biotechnology industry is highly uncertain, and very few research and development projects produce a commercial product. Product candidates that appear promising in the early phases of development, such as in early human clinical trials, may fail to reach the market for a number of reasons, such as:

- - the product candidate did not demonstrate acceptable clinical trial results even though it demonstrated positive preclinical trial results
- - the product candidate was not effective in treating a specified condition or illness
- - the product candidate had harmful side effects on humans
- - the necessary regulatory bodies (such as the FDA) did not approve our product candidate for an indicated use
- - the product candidate was not economical for us to manufacture it
- - other companies or people have or may have proprietary rights to our product candidate (e.g. patent rights) and will not let us sell it on reasonable terms, or at all
- - the product candidate is not cost effective in light of existing therapeutics

Several product candidates have failed at various stages in the product development process, including BDNF, Megakaryocyte Growth and Development Factor (MGDF) and GDNF. For example, in 1997, we announced the failure of BDNF (for the treatment of ALS by subcutaneous injection administration route), because the product candidate, as administered, did not produce acceptable clinical results in a specific indication after a phase 3 trial, even though BDNF had progressed successfully through preclinical and earlier clinical trials. Of course, there may be other factors that prevent us from marketing a product. We cannot guarantee we will be able to produce commercially successful products. Further, clinical trial results are frequently susceptible to varying interpretations by scientists, medical personnel, regulatory personnel, statisticians and others which may delay, limit or prevent further clinical development or regulatory approvals of a product candidate. Also, the length of time that it takes for us to complete clinical trials and obtain regulatory approval for product marketing has in the past

varied by product and by the indicated use of a product. We expect that this will likely be the case with future product candidates and we cannot predict the length of time to complete necessary clinical trials and obtain regulatory approval. See "- Regulatory matters."

Regulatory matters

Our research, preclinical testing, clinical trials, facilities, manufacturing, pricing and sales and marketing are subject to extensive regulation by numerous state and federal governmental authorities in the U.S., such as the FDA and the Health Care Financing Administration ("HCFA"), as well as by foreign countries and the European Union (the "EU"). Currently, we are required in the U.S. and in foreign countries to obtain approval from those countries' regulatory authorities before we can market and sell our products in those countries. The success of our current and future products will depend in part upon obtaining and maintaining regulatory approval to market products in approved indications in the U.S. and foreign markets. In our experience, the regulatory approval process is a lengthy and complex process, both in the U.S. and in foreign countries, including countries in the EU. Even if we obtain regulatory approval, both our manufacturing processes and our marketed products are subject to continued review. Later discovery of previously unknown problems with our products or manufacturing processes may result in restrictions on such products or manufacturing processes, including withdrawal of the products from the market. Our failure to obtain necessary approvals, or the restriction, suspension or revocation of any approvals, or our failure to comply with regulatory requirements could prevent us from manufacturing or selling our products which could have a material adverse effect on us and our results of operations.

Reimbursement; Third party payors

In both domestic and foreign markets, sales of our products are dependent, in part, on the availability of reimbursement from third party payors such as state and federal governments (for example, under Medicare and Medicaid programs in the U.S.) and private insurance plans. In certain foreign markets, the pricing and profitability of our products generally are subject to government controls. In the U.S., there have been, and we expect there will continue to be, a number of state and federal proposals that limit the amount that state or federal governments will pay to reimburse the cost of drugs. In addition, we believe the increasing emphasis on managed care in the U.S. has and will continue to put pressure on the price and usage of our products, which may impact product sales. Further, when a new therapeutic is approved, the reimbursement status and rate of such a product is uncertain. In addition, current reimbursement policies for existing products may change at any time. Changes in reimbursement or our failure to obtain reimbursement for our products may reduce the demand for, or the price of, our products, which could result in lower product sales or revenues which could have a material adverse effect on us and our results of operations. For example, in the U.S. the use of

EPOGEN(R) in connection with treatment for end stage renal disease is funded primarily by the U.S. federal government. Therefore, as in the past, EPOGEN(R) sales could be affected by future changes in reimbursement rates or the basis for reimbursement by the federal government. For example, in early 1997, HCFA instituted a reimbursement change for EPOGEN(R) which adversely affected the Company's EPOGEN(R) sales, until the policies were revised. See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Results of Operations - Product sales - EPOGEN(R) (Epoetin alfa)."

Guidelines

Government agencies promulgate regulations and guidelines directly applicable to us and to our products. However, professional societies, practice management groups, private health/science foundations and organizations involved in various diseases may also publish, from time to time, guidelines or recommendations to the health care and patient communities. These organizations may make recommendations that affect a patient's usage of certain therapies, drugs or procedures, including our products. Recommendations of government agencies or these other groups/organizations 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 health care providers could result in, among other things, decreased use of our products which could have a material adverse effect on our results of operations. In addition, the perception by the investment community or stockholders that such recommendations or guidelines will be followed could adversely affect prevailing market prices for our common stock.

Intellectual property and legal matters

The patent positions of pharmaceutical and biotechnology companies can be highly uncertain and often 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, the patents and patent applications relating to our products, product candidates and technologies may be challenged, invalidated or circumvented by third parties and might not protect us against competitors with similar products or technology. For certain of our product candidates, there are third parties who have patents or pending patents that they may claim prevent us from commercializing these product candidates in certain territories. Patent disputes are frequent and can preclude commercialization of products. We are currently, and in the future may be, involved in patent litigation. The results of such litigation could subject us to competition and/or significant liabilities, could require us to enter into third party licenses or could cause us to cease using the technology or product in dispute. In addition, we cannot guarantee that such licenses will be available on terms acceptable to us.

The Company is currently involved in arbitration proceedings with Ortho Pharmaceutical Corporation (which has assigned its rights under the Product License Agreement to Ortho Biotech, Inc.), 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 U.S. for all human therapeutic uses except dialysis. See Note 4 to the Consolidated Financial Statements, "Contingencies - Johnson & Johnson arbitrations".

Competition

We operate in a highly competitive environment. Our principal competitors are pharmaceutical and biotechnology companies. Some of our competitors, mainly large pharmaceutical corporations, have greater clinical, research, regulatory and marketing resources than we do. In addition, some of our competitors may have technical or competitive advantages over us for the development of technologies and processes and may acquire technology from academic institutions, government agencies and other private and public research organizations. We cannot guarantee that we will be able to produce or acquire rights to products that have commercial potential. Even if we achieve successful product commercialization, we cannot guarantee that one or more of our competitors will not achieve product commercialization earlier than we do, obtain patent protection that dominates or adversely affects our activities, or have significantly greater marketing capabilities.

Fluctuations in operating results

Our operating results may fluctuate from period to period for a number of reasons. In budgeting our operating expenses, some of which are fixed in the short term, we assume that revenues will continue to grow. Accordingly, even a relatively small revenue shortfall may cause a period's results to be below our expectations. A revenue shortfall could arise from any number of factors, such as:

- - lower than expected demand for our products
- - changes in the government's or private payor's reimbursement policies for our products
- - changes in wholesaler buying patterns
- - increased competition from new or existing products
- - fluctuations in foreign currency exchange rates
- - changes in our product pricing strategies

Of course, there may be other factors that affect the Company's revenues in any given period.

Rapid growth

We have an aggressive growth plan that includes substantial and increasing investments in research and development and facilities. Our plan has a number of risks, such as:

- - the need to generate higher revenues to cover a higher level of operating expenses
- - the need to attract and assimilate a large number of new employees
- - the need to manage complexities associated with a larger and faster growing organization
- - the need to accurately anticipate demand for the products we manufacture and maintain adequate manufacturing capacity

Of course, there may be other risks and we cannot guarantee that we will be able to successfully manage these or other risks.

Stock price volatility

Our stock price, like that of other biotechnology companies, is highly volatile. Our stock price may be affected by, among other things, clinical trial results and other product-development announcements by us or our 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 our performance. In addition, if our revenues or earnings in any period fail to meet the investment community's expectations, there could be an immediate adverse impact on our stock price.