

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 March 31, 2001

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 March 31, 2001, the registrant had 1,043,163,099 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 months ended March 31, 2001 and 2000 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, 2000.

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 March 31,	
	2001	2000
Revenues:		
Product sales	\$798.4	\$697.6
Corporate partner revenues	51.1	74.2
Royalty income	52.1	42.3
Total revenues	901.6	814.1
Operating expenses:		
Cost of sales	89.4	85.7
Research and development	206.7	189.8
Selling, general and administrative	196.2	169.7
(Earnings) loss of affiliates, net	(7.2)	16.4
Total operating expenses	485.1	461.6
Operating income	416.5	352.5
Other income (expense):		
Interest and other income	49.1	36.4
Interest expense, net	(4.3)	(4.2)
Total other income	44.8	32.2
Income before income taxes	461.3	384.7
Provision for income taxes	156.4	118.5
Net income	\$304.9	\$266.2
Earnings per share:		
Basic	\$0.29	\$0.26
Diluted	\$0.28	\$0.25
Shares used in calculation of earnings per share:		
Basic	1,041.1	1,023.1
Diluted	1,086.2	1,085.7

See accompanying notes.

AMGEN INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

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

	March 31, 2001	December 31, 2000
	-----	-----
ASSETS		

Current assets:		
Cash and cash equivalents	\$ 478.9	\$ 226.5
Marketable securities	1,813.5	1,801.6
Trade receivables, net	431.7	389.2
Inventories	352.2	305.2
Other current assets	187.6	214.6
	-----	-----
Total current assets	3,263.9	2,937.1
Property, plant and equipment at cost, net	1,810.9	1,781.5
Other assets	617.3	681.0
	-----	-----
	\$ 5,692.1	\$ 5,399.6
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		

Current liabilities:		
Accounts payable	\$ 96.9	\$ 143.2
Commercial paper	99.2	99.7
Accrued liabilities	623.0	619.2
	-----	-----
Total current liabilities	819.1	862.1
Long-term debt	223.0	223.0
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 - 1,043.2 shares in 2001 and 1,037.4 shares in 2000	3,094.1	2,947.3
Retained earnings	1,533.6	1,304.6
Accumulated other comprehensive income	22.3	62.6
	-----	-----
Total stockholders' equity	4,650.0	4,314.5
	-----	-----
	\$ 5,692.1	\$ 5,399.6
	=====	=====

See accompanying notes.

AMGEN INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions)
(Unaudited)

	Three Months Ended March 31,	
	2001	2000
Cash flows from operating activities:		
Net income	\$ 304.9	\$ 266.2
Depreciation and amortization	59.9	50.8
Tax benefits related to employee stock options	72.0	67.8
Gain on equity investments	(12.4)	(12.1)
(Earnings) loss of affiliates, net	(7.2)	16.4
Cash provided by (used in):		
Trade receivables, net	(42.5)	153.1
Inventories	(47.0)	(53.3)
Other current assets	30.2	(26.1)
Accounts payable	(46.3)	25.3
Accrued liabilities	3.8	(126.0)
Net cash provided by operating activities	315.4	362.1
Cash flows from investing activities:		
Purchases of property, plant and equipment	(86.9)	(92.5)
Proceeds from sales of marketable securities	138.6	172.8
Purchases of marketable securities	(129.0)	(326.1)
Other	21.7	(16.3)
Net cash used in investing activities	(55.6)	(262.1)
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	74.8	126.7
Repurchases of common stock	(75.9)	(225.1)
Other	(6.3)	(6.7)
Net cash used in financing activities	(7.4)	(105.1)
Increase (decrease) in cash and cash equivalents	252.4	(5.1)
Cash and cash equivalents at beginning of period	226.5	130.9
Cash and cash equivalents at end of period	\$ 478.9	\$ 125.8

See accompanying notes.

AMGEN INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2001

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 in 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 "(Earnings) 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 \$155.8 million and \$112.7 million as of March 31, 2001 and December 31, 2000, respectively. Inventories are shown net of applicable reserves and allowances. Inventories consisted of the following (in millions):

	March 31, 2001	December 31, 2001
	-----	-----
Raw materials	\$ 23.0	\$ 29.4
Work in process	267.5	238.7
Finished goods	61.7	37.1
	-----	-----
	\$ 352.2	\$ 305.2
	=====	=====

Product sales

Product sales primarily consist of sales of 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, 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 referred to as "spillover" sales. Accordingly, 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 are derived from the Company's sales to its customers, as adjusted for any spillover sales. The Company is employing an audit methodology to measure each party's spillover sales based in part on estimates of and subsequent adjustments thereto of third-party data on shipments to end users and their usage. Sales of the Company's other products are recognized when shipped and title has passed.

Derivative instruments

The Company adopted Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities", as amended, on January 1, 2001 and its adoption has not had a material effect on the Company's financial statements. SFAS No. 133 requires companies to recognize all of its derivative instruments as either assets or liabilities in the balance sheet at fair value. The accounting for changes in the fair value (i.e., unrealized gains or losses) of a derivative instrument depends on whether it has been designated and qualifies as part of a hedging relationship and further, on the type of hedging relationship. Derivatives that are not hedges must be adjusted to fair value through current earnings.

To protect against possible changes in values of certain anticipated foreign currency cash flows, primarily resulting from sales outside the U.S., the Company enters into foreign currency forward contracts which qualify and are designated as cash flow hedges. No portions of these foreign currency forward contracts are excluded from the assessment of hedge effectiveness, and there are no ineffective portions of these hedging instruments. The gains and losses on these forward contracts are reported as a component of other comprehensive income and reclassified into earnings in the same periods during which the hedged transactions affect earnings. At March 31, 2001, amounts in accumulated other comprehensive income related to cash flow hedges were not material.

To protect against possible reductions in value of certain of its available-for-sale marketable equity securities, the Company has entered into equity forward contracts which qualify and are

designated as fair value hedges. The gains and losses on these forward contracts as well as the offsetting losses and gains on the hedged equity securities are recognized in current earnings. During the three months ended March 31, 2001, gains and losses on the portions of these forwards excluded from the assessment of hedge effectiveness and the ineffective portions of these hedging instruments were not material.

The Company has additional foreign currency forward contracts to reduce exposures to foreign currency fluctuations of certain assets and liabilities denominated in foreign currencies. However, these contracts have not been designated as hedges under SFAS No. 133.

Prior to the adoption of SFAS No. 133, all of the Company's foreign exchange forward contracts were adjusted to fair value through current earnings. Foreign exchange option contracts that hedged anticipated foreign currency transactions were deferred and recognized in the same period as the hedged transaction. In addition, derivatives that hedged against possible reductions in the fair values of available-for-sale equity securities were included in the basis of the hedged securities and adjusted to fair value through other comprehensive 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, restricted stock and potential issuances of stock under the employee stock purchase plan (collectively "dilutive securities") 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 March 31,	
	2001	2000
Numerator for basic and diluted earnings per share - net income	\$304.9	\$266.2
Denominator:		
Denominator for basic earnings per share - weighted-average shares	1,041.1	1,023.1
Effect of dilutive securities	45.1	62.6
Denominator for diluted earnings per share - adjusted weighted-average shares	1,086.2	1,085.7
Basic earnings per share	\$0.29	\$0.26
Diluted earnings per share	\$0.28	\$0.25

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 months ended March 31, 2001 and 2000 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. Stockholders' equity

The Company has a stock repurchase program primarily to reduce the dilutive effect of its employee stock option and stock purchase plans. Stock repurchased under the program is intended to be

retired. During the three months ended March 31, 2001, the Company repurchased 1.5 million shares of its common stock at a total cost of \$75.9 million under its common stock repurchase program. In December 2000, the Board of Directors authorized the Company to repurchase up to \$2.0 billion of common stock between January 1, 2001 and December 31, 2002. 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 March 31, 2001, \$1,924.1 million was available for stock repurchases through December 31, 2002.

3. Other comprehensive income/(loss)

SFAS No. 130, "Reporting Comprehensive Income", requires unrealized gains and losses on the Company's available-for-sale securities, foreign currency translation adjustments, and unrealized gains and losses on cash flow hedge instruments to be included in other comprehensive income/(loss). During the three months ended March 31, 2001 and 2000, total comprehensive income was \$264.6 million and \$318.1 million, respectively.

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 \$2,292.4 million at March 31, 2001, compared with \$2,028.1 million at December 31, 2000. Cash provided by operating activities has been and is expected to continue to be the Company's primary source of funds. During the three months ended March 31, 2001, operations provided \$315.4 million of cash compared with \$362.1 million during the same period last year.

Capital expenditures totaled \$86.9 million for the three months ended March 31, 2001, compared with \$92.5 million for the same period a year ago. The Company anticipates spending approximately \$450 million to \$550 million in 2001 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 three months ended March 31, 2001, employee stock option exercises and proceeds from the sale of stock by Amgen pursuant to the employee stock purchase plan provided \$74.8 million of cash compared with \$126.7 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 three months ended March 31, 2001, the Company purchased 1.5 million shares of its common stock at a total cost of \$75.9 million compared with 3.5 million shares purchased at a cost of \$225.1 million during the same period last year. In December 2000, the Board of Directors authorized the Company to repurchase up to \$2.0 billion of common stock between January 1, 2001 and December 31, 2002. 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 March 31, 2001, \$1,924.1 million was available for stock repurchases through December 31, 2002.

To provide for financial flexibility and increased liquidity, the Company has established several sources of debt financing. As of March 31, 2001, the Company had \$223.0 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 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 2007 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 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 March 31, 2001, commercial paper with a face amount of \$100.0 million was outstanding. These borrowings had maturities of less than four months and had effective interest rates averaging 5.0%. 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 March 31, 2001, 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 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 \$798.4 million during the three months ended March 31, 2001, an increase of \$100.8 million or 14% over the same period last year. Quarterly product sales are influenced by a number of factors, including demand, wholesaler inventory management practices and foreign exchange effects.

EPOGEN(R) (Epoetin alfa)

EPOGEN(R) sales were \$503.1 million for the three months ended March 31, 2001, an increase of \$62.7 million or 14% over the same period last year. This increase was primarily due to demand, which was principally driven by growth in the U.S. dialysis patient population and the effect of higher prices. The Company believes that demand growth has slowed somewhat to a high-single to low-double digit rate. In addition, sales growth over the prior year was, to a lesser extent, favorably impacted by a reduction in sales in the first quarter of 2000 due to 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 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 \$294.0 million for the three months ended March 31, 2001, an increase of \$44.0 million or 18% from the same period last year. This increase was primarily due to reduced sales in the first quarter of 2000 resulting from the adverse impact of Year 2000-related sales to wholesalers in the fourth quarter of 1999 for which the Company provided extended payment terms, additional wholesaler inventory drawdowns in 2000, and, to a lesser extent, higher demand in the current year period. These factors were slightly offset by the negative impact of a stronger U.S. dollar on international sales. The Company believes that demand, which includes the effect of higher prices in the U.S., continued to grow at a mid-single digit rate.

Corporate partner revenues

During the three months ended March 31, 2001, corporate partner revenues decreased \$23.1 million or 31% from the same period last year. This decrease was primarily due to higher revenues in the first quarter of 2000 from Kirin-Amgen, Inc. related to the successful completion of the ARANESP(TM) (darbepoetin alfa) renal development program, the Company's novel erythropoiesis stimulating protein.

Cost of sales

Cost of sales as a percentage of product sales was 11.2% and 12.3% for the three months ended March 31, 2001 and 2000, respectively. The decrease in this percentage was primarily due to reduced costs and increased manufacturing efficiencies.

Research and development

During the three months ended March 31, 2001, research and development expenses increased \$16.9 million or 9% over the same period last year. This increase was primarily due to higher staff-related costs necessary to support ongoing product development activities. This increase was partially offset by lower product licensing costs.

Selling, general and administrative

Selling, general and administrative ("SG&A") expenses increased \$26.5 million or 16% during the three months ended March 31, 2001 over the same period last year. This increase was 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.

(Earnings) loss of affiliates, net

During the three months ended March 31, 2001, (earnings) loss of affiliates, net decreased \$23.6 million or 144% compared with the same period last year. This decrease was primarily due to higher expenses incurred by Kirin-Amgen, Inc. in the first quarter of 2000 (see "- Corporate partner revenues").

Interest and other income

During the three months ended March 31, 2001, interest and other income increased \$12.7 million or 35% over the same period last year. This increase was primarily due to higher interest income generated from the Company's investment portfolio as a result of higher average cash balances.

Income taxes

The Company's effective tax rate for the three months ended March 31, 2001 was 33.9% compared with 30.8% for the same period last year. The Company's tax rate has increased primarily as a result of increased taxable income combined with a provision in the federal tax law that caps tax benefits associated with the Company's Puerto Rico operations at the 1995 income level.

Financial Outlook

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), 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 low-teens. This growth rate is lower than previous guidance of growth in a range of high-teens to low-twenties principally due to a reduced forecast for U.S. dialysis and non-dialysis sales of ARANESP(TM) due to the longer than planned FDA approval timeline for ARANESP(TM), and lower than expected U.S. dialysis patient population growth. The Company now expects its U.S. dialysis business to grow at a mid to high-single digit rate, reduced from a previously expected low-double digit rate. 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 addition, ARANESP(TM) sales will be affected by government and private payor reimbursement policies.

In 2001, the Company expects the NEUPOGEN(R) sales growth rate to be in the high-single digits. The Company believes that there has been and may continue to be 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 is dependent primarily upon 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.

The Company has revised its guidance for 2001 total product sales growth from a mid to high-teens rate to a low-double digit rate. For 2001, cost of sales is expected to be in the range of 11.5% to 12.5% of total product sales, corporate partner revenues are expected to be approximately the same as in 2000, 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%. Reflecting the expected slower sales growth, the Company has revised its guidance for earnings per share growth from a mid-teens rate to a low-double digit rate.

Estimates of future product sales, operating expenses and earnings per share are necessarily speculative in nature and are difficult to predict with accuracy. The Company is providing this information as of the filing date of this Form 10-Q, and does not plan to update this information until its next Form 10-Q filing with the Securities and Exchange Commission and expressly disclaims any duty to update the information contained in this filing.

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) health care guidelines and policies relating to Amgen's products; (iv) reimbursement for Amgen's products by governments and private payors; (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 Exhibit 99 filed with this report titled "Factors That May Affect Amgen" and incorporated herein by reference.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

Certain of the Company's legal proceedings are reported in the Company's Annual Report on Form 10-K for the year ended December 31, 2000, with material developments since that report described 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.

Biogen litigation

On April 4, 2001, the United States District Court for the District of Massachusetts (the "Massachusetts District Court") entered an order denying Biogen Inc.'s motion for reconsideration of the Massachusetts District Court's March 1, 2001 Order granting the Company's motion to amend the Massachusetts District Court's September 25, 2000 Memorandum and Order.

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: 5/14/01

By: /s/ Kathryn E. Falberg

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

Date: 5/14/01

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. (10)
3.2	Amended and Restated Bylaws of Amgen Inc. (as amended October 24, 2000). (20)
3.3	Certificate of Amendment of Restated Certificate of Incorporation. (19)
3.4	Certificate of Designations of Series A Junior Participating Preferred Stock. (22)
4.1	Indenture dated January 1, 1992 between the Company and Citibank N.A., as trustee. (4)
4.2	First Supplement to Indenture, dated February 26, 1997 between the Company and Citibank N.A., as trustee. (7)
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." (9)
4.4	8-1/8% Debentures due April 1, 2097. (9)
4.5	Form of stock certificate for the common stock, par value \$.0001 of the Company. (10)
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". (12)
4.7	6.50% Notes Due December 1, 2007 described in Exhibit 4.6. (12)
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. (14)
10.1	Company's Amended and Restated 1991 Equity Incentive Plan. (22)
10.2	Company's Amended and Restated 1997 Special Non-Officer Equity Incentive Plan. (22)
10.3	Shareholder's Agreement of Kirin-Amgen, Inc., dated May 11, 1984, between the Company and Kirin Brewery Company, Limited. (22)
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. (19)
10.5	Product License Agreement, dated September 30, 1985, and Technology License Agreement, dated, September 30, 1985 between the Company and Ortho Pharmaceutical Corporation. (19)
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.
(19)

- 10.7 Company's Amended and Restated Employee Stock Purchase Plan. (19)
- 10.8 Research, Development Technology Disclosure and License Agreement PPO, dated January 20, 1986, by and between the Company and Kirin Brewery Co., Ltd. (1)
- 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. (22)
- 10.10 Assignment and License Agreement, dated October 16, 1986, between the Company and Kirin-Amgen, Inc. (22)
- 10.11 G-CSF European License Agreement, dated December 30, 1986, between Kirin-Amgen, Inc. and the Company. (22)
- 10.12 Company's Retirement and Savings Plan (as amended and restated effective October 23, 2000). (22)
- 10.13 Company's Amended and Restated 1988 Stock Option Plan. (6)
- 10.14 First Amendment to the Company's Retirement and Savings Plan (as amended and restated effective October 23, 2000). (22)
- 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. (2)
- 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). (3)
- 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. (5)
- 10.18 Amgen Inc. Supplemental Retirement Plan (As Amended and Restated Effective November 1, 1999). (18)
- 10.19 First Amendment to Amgen Inc. Change of Control Severance Plan. (19)
- 10.20 Amended and Restated Amgen Performance Based Management Incentive Plan. (17)
- 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. (15)
- 10.22 G-CSF United States License Agreement dated June 1, 1987 (effective July 1, 1986) between Kirin-Amgen, Inc. and the Company. (22)
- 10.23 Amendment No. 1 dated October 20, 1988 to Kirin-Amgen, Inc./Amgen G-CSF United States License Agreement dated June 1, 1987 (effective July 1, 1986). (22)
- 10.24 Amendment No. 2 dated October 17, 1991 (effective November 13, 1990) to Kirin-Amgen, Inc./Amgen G-CSF United States License Agreement dated June 1, 1987 (effective July 1, 1986). (22)
- 10.25 Amendment No. 10 dated March 1, 1996 to the Shareholders' Agreement of Kirin-Amgen, Inc. dated May 11, 1984. (22)

10.26 Amgen Inc. Change of Control Severance Plan effective as of October 20, 1998. (16)

10.27 Preferred Share Rights Agreement, dated as of December 12, 2000, between Amgen Inc. and American Stock Transfer and Trust Company, as Rights Agent. (21)

10.28 First Amendment, effective January 1, 1998, to the Company's Amended and Restated Employee Stock Purchase Plan. (11)

10.29 Amendment No. 11 dated March 20, 2000 to the Shareholders' Agreement of Kirin-Amgen, Inc. dated May 11, 1984. (22)

10.30 Agreement between Amgen Inc. and Dr. Fabrizio Bonanni, dated March 3, 1999. (18)

10.31 Amendment No. 1 dated June 1, 1987 to Kirin-Amgen, Inc./Amgen G-CSF European License Agreement dated December 30, 1986. (22)

10.32 Amendment No. 2 dated March 15, 1988 to Kirin-Amgen, Inc./Amgen G-CSF European License Agreement dated December 30, 1986. (22)

10.33 Amendment No. 3 dated October 20, 1988 to Kirin-Amgen, Inc./Amgen G-CSF European License Agreement dated December 30, 1986. (22)

10.34 Amendment No. 4 dated December 29, 1989 to Kirin-Amgen, Inc./Amgen G-CSF European License Agreement dated December 30, 1986. (22)

10.35 Company's Amended and Restated 1987 Directors' Stock Option Plan. (8)

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). (14)

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). (13)

10.38 Promissory Note of Dr. Fabrizio Bonanni, dated August 7, 1999. (18)

10.39 Promissory Note of Dr. Fabrizio Bonanni, dated October 29, 1999. (18)

10.40 Company's Amended and Restated 1997 Equity Incentive Plan. (22)

10.41 Agreement between Amgen Inc. and Mr. Gordon M. Binder, dated May 10, 2000. (19)

10.42 Amendment No. 6 dated May 11, 1984 to the Shareholders' Agreement of Kirin-Amgen, Inc. dated May 11, 1984. (22)

10.43 Amendment No. 7 dated July 17, 1987 (effective April 1, 1987) to the Shareholders' Agreement of Kirin-Amgen, Inc. dated May 11, 1984. (22)

10.44 Amendment No. 8 dated May 28, 1993 (effective November 13, 1990) to the Shareholders' Agreement of Kirin-Amgen, Inc. dated May 11, 1984. (22)

10.45 Amendment No. 9 dated December 9, 1994 (effective June 14, 1994) to the Shareholders' Agreement of Kirin-Amgen, Inc. dated May 11, 1984. (22)

10.46* Agreement between Amgen Inc. and Mr. George J. Morrow, dated March 3, 2001.

10.47* Promissory Note of Mr. George J. Morrow, dated March 11, 2001.
 10.48* Agreement between Amgen Inc. and Dr. Roger M. Perlmutter, M.D.,
 Ph.D., dated March 5, 2001.
 99* "Factors That May Affect Amgen"

* Filed herewith.

- (1) 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.
- (2) 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.
- (3) 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.
- (4) Filed as an exhibit to Form S-3 Registration Statement dated December 19, 1991 and incorporated herein by reference.
- (5) Filed as an exhibit to the Form 8-A dated March 31, 1993 and incorporated herein by reference.
- (6) 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.
- (7) Filed as an exhibit to the Form 8-K Current Report dated March 14, 1997 on March 14, 1997 and incorporated herein by reference.
- (8) 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.
- (9) Filed as an exhibit to the Form 8-K Current Report dated April 8, 1997 on April 8, 1997 and incorporated herein by reference.
- (10) 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.
- (11) 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.
- (12) Filed as an exhibit to the Form 8-K Current Report dated and filed on December 5, 1997 and incorporated herein by reference.
- (13) 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.
- (14) 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.
- (15) 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.
- (16) 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.
- (17) 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.
- (18) 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.
- (19) 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.

- (20) Filed as an exhibit to the Form 10-Q for the quarter ended September 30, 2000 on November 14, 2000 and incorporated herein by reference.
- (21) Filed as an exhibit to the Form 8-K Current Report dated December 13, 2000 on December 18, 2000 and incorporated herein by reference.
- (22) Filed as an exhibit to the Annual Report on Form 10-K for the year ended December 31, 2000 on March 7, 2001 and incorporated herein by reference.

March 2, 2001

Mr. George J. Morrow
3102 Devon Road
Durham, North Carolina 27707

Dear George:

Amendment and Restatement of December 19, 2000 Letter

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The following is our letter agreement dated December 19, 2000, which has been restated to reflect our oral agreements on a few points which were not reflected in the December 19, 2000 letter (the "Original Letter"). As so amended and restated, this letter supersedes the Original Letter and shall be effective as of January 19, 2001, the date upon which you became an employee of Amgen (your "Start Date"). There is no need for you to re-sign your Proprietary Information and Inventions Agreement and your Mutual Agreement to Arbitrate Claims which were attached as Attachment 1 to the Original Letter, which agreements you signed on December 27, 2000, because we have made no changes to those agreements. Accordingly, those agreements continue to be in full force and effect. However, the attached Attachment 2 has been revised and the attached Attachment 3 is new.

Amended and Restated Letter

- - - - -

I am pleased to offer you the position of Executive Vice President of Worldwide Sales and Marketing reporting to me. You will be based at our Thousand Oaks, California facility.

Base Salary and Annual Incentive

- - - - -

Your monthly salary will be \$54,167. In addition, you will be entitled to a \$750,000 bonus which will be paid within 30 days of your start date. As an Executive Vice President, you will be eligible to participate in Amgen's Management Incentive Plan (the "MIP") pursuant to the terms of the MIP. Your annual target incentive opportunity will be 70% of your base salary earnings during the year. Your performance against pre-established goals and Amgen's performance will determine your actual incentive each year. However, in order to ease your transition to a new company and a new area, Amgen will guarantee a minimum incentive payment of \$750,000 (payable in March 2002) for 2001 and \$750,000 (payable in March 2003) for 2002. You must be actively employed by Amgen on December 31, 2001 and on December 31, 2002 to receive the guaranteed payments for 2001 and 2002, respectively.

Annual Retention Bonuses

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On each of the first five one-year anniversaries of your Start Date, beginning on January 19, 2002, Amgen will pay you a retention bonus in the amount of \$200,000, provided that

George J. Morrow
March 2, 2001

you are actively employed by Amgen on each such date. If you are not so employed on each such date, no portion of the bonus is considered earned or vested and no prorated payments will be made.

Stock Options

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Subject to the approval of the Compensation Committee of Amgen's Board of Directors, you will be granted an option to purchase 200,000 shares of Amgen's common stock at a price equal to 100% of the fair market value on your start date. In the event you begin work prior to the approval of the stock option grant, the price will be set on the date that approval is obtained. This option shall be an incentive stock option to the extent permitted by law, with the balance being granted as a non-qualified stock option. This option shall be vested at a rate of 25% per year for four years, beginning one year from the date of grant, and the option will expire seven years from the date of grant.

In addition, you will also be eligible to receive additional stock options as part of Amgen's Periodic Stock Option Program (the "PSOP"). Grants under the PSOP are discretionary and are usually made in July of each year, as approved by Amgen's Compensation Committee. However, for 2001 and 2002, subject to approval by the Compensation Committee of Amgen's Board of Directors, Amgen will grant you an option to purchase 150,000 shares in each of the two years. These options will be granted pursuant to, and in conformity with, the terms of the PSOP. These PSOP options will vest 20% per year for five years, beginning one year from the date of grant, and the options will expire seven years from the date of grant. You must be actively employed by Amgen on the PSOP grant date in each year to receive the PSOP grant for that year.

Non-Qualified Deferred Compensation

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Amgen will provide you with non-qualified deferred compensation benefits as set forth on Attachment 3, subject to all of the terms and conditions set forth therein.

Split Dollar Life Insurance

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Amgen will assume responsibility for or provide alternative compensation for the split dollar life insurance policy that was in place at your former employer.

Termination

- -----

If, within the first five years of your employment with Amgen, either: (i) Amgen terminates your employment without Cause, as defined below, or (ii) you resign your employment due to a reduction of your duties or your base salary or annual target incentive opportunity under the MIP, then you will be entitled to three years of base salary and target incentive paid monthly and health care coverage unless coverage is obtained from another employer, but only if you sign a

general release form furnished to you by Amgen. If you intend to resign your employment for reduction of duties or compensation, you must notify the Company in writing. If Amgen fails to cure or

George J. Morrow
March 2, 2001

remedy your reason for resignation within thirty (30) days of its receipt of your notification and you still choose to resign, you must do so within fifteen (15) days of Amgen's failure to cure or remedy your reason. If you are also entitled to receive severance benefits under the Amgen Inc. Change of Control Severance Plan (the "COC Plan") on account of a termination covered by this provision, you will be paid the greater of the amount provided above or provided in the COC Plan, but not both amounts.

Solely for the purpose of this provision and Attachment 3, "Cause" means (i) your conviction of a felony, (ii) the engaging by you in conduct that constitutes willful gross neglect or willful gross misconduct in carrying out your duties to Amgen, resulting, in either case, in material economic harm to Amgen, unless you believed in good faith that such conduct was in, or not contrary to, the best interests of Amgen, (iii) your material breach of any of the terms of this letter agreement or the Proprietary Information and Inventions Agreement or (iv) your failure to follow any lawful directive of Amgen's Chief Executive Officer with respect to your employment. For purposes hereof, no act, or failure to act, on your part shall be deemed "willful" unless done, or omitted to be done, by you not in good faith.

Benefits - -----

You will also have the opportunity to participate in our comprehensive benefits program. Amgen's excellent health care plan currently includes medical, dental, and vision coverage for you and your eligible dependents. Amgen currently pays the major expense for these programs while staff members share through payroll deductions. Please be advised that in order for you and your dependents to be eligible for Amgen's medical coverage you must:

1. Report to work at Amgen or another location to which you are required to travel and perform the regular duties of your employment.
2. Contact the Amgen Benefit Center at Fidelity, 1-877-999-7779, to enroll within 31 days of your hire date.
3. Meet all other eligibility requirements under the plan.

Amgen's Retirement & Savings 401(K) Plan provides an opportunity for you to save up to 15% of your pay on a tax deferred basis. Amgen will also contribute to your 401(K) account to help you save for your future financial goals. The benefits, services and programs are summarized in the enclosed brochure called "Welcome to Amgen - Total Compensation and Benefits at Amgen." You will also be eligible for Amgen's Supplemental (401K) Retirement Plan (the "SRP").

Subject to your insurability at standard rates and continued employment with Amgen, until January 19, 2006 Amgen shall maintain and pay the premiums on a term life insurance policy in the amount of \$15,000,000 for your benefit.

George J. Morrow
March 2, 2001

You will also be entitled to senior executive physicals, financial counseling and tax preparation services at the same level as all other Amgen senior executives.

When you travel on Amgen business, you may travel first class, provided that you make arrangements for such travel with Amgen's designated travel agents and pursuant to Amgen's travel and business expense policies.

You will be responsible for paying all applicable income and employment taxes on your Amgen compensation and benefits and will be subject to all income and employment tax withholding, except as expressly provided otherwise with respect to certain relocation benefits described in Attachment 2.

Required Documents

- -----

Enclosed and included as part of this offer (Attachment 1) is information regarding Amgen's Proprietary Information and Inventions Agreement, the Immigration Reform & Control Act, and a packet of materials entitled "Arbitration of Disputes - Amgen Inc." which includes a Mutual Agreement to Arbitrate Claims. This offer is contingent upon your completing the items described in Attachment 1.

Relocation

- -----

Also enclosed and included, as part of this offer (Attachment 2), is information about the main points of the relocation assistance which Amgen will provide to you to relocate to the "local area." The brochures included describe each component in more detail.

Upon acceptance of this offer, please fill out the attached "Moving Forward...With Amgen" acceptance form and fax it to the Relocation Department at 805/447-1985 to initiate your relocation benefits. Gail Thomas will contact you as soon as possible to walk you through the process.

Employment At Will

- -----

By signing this letter, you understand and agree that your employment with Amgen is at-will. Therefore, your employment can terminate, with or without Cause, and with or without notice, at any time, at your option or Amgen's option, and Amgen can terminate or change all other terms and conditions of your employment, with or without Cause, and with or without notice, at any time. This at-will relationship will remain in effect throughout your employment with Amgen Inc. or any of its subsidiaries, or affiliates. This letter constitutes the entire agreement, arrangement and understanding between you and Amgen on the nature and terms of your employment with Amgen. This letter supersedes any prior or contemporaneous agreement, arrangement or understanding on this subject matter. By executing this letter as provided below, you expressly acknowledge the termination of any such prior agreement, arrangement or understanding. Also, by your execution of this letter, you affirm that no one has made any written or verbal statement that contradicts the provisions of this letter. The at-will nature of your employment, as set forth in this paragraph, can be modified only by a written agreement signed by both Amgen's Chief Executive Officer and you which expressly alters it. This

George J. Morrow
March 2, 2001

at-will relationship may not be modified by any oral or implied agreement, or by any Company policies, practices or patterns of conduct.

We are enthusiastic about the contribution you can make, and we believe that Amgen can provide you with attractive opportunities for personal achievement and growth. Please retain the original offer letter for your records. If you have any questions regarding this offer, please contact John Hillins at (805) 447 - 7456.

Sincerely,

/s/ Kevin Sharer

Kevin Sharer

/s/ George J. Morrow	3/03/01

Signature of Acceptance	Date

Enclosures

ATTACHMENT 2

Page 1

Relocation Assistance Coverage

All relocation expense coverage to be provided as a part of your Amgen employment offer is outlined in this attachment. This relocation expense coverage is designed to offset most of the cost of your relocation. However, as a new staff member, it is expected that you will make every effort to reduce or eliminate relocation expense wherever possible.

Please Note: Upon acceptance of this offer, please fill out the attached "Moving Forward...With Amgen" acceptance form and fax it to the Relocation Department at 805/447-1985 to initiate your relocation benefits. Gail Thomas, our relocation manager, will contact you as soon as possible to walk you through the process.

Marketing Assistance, Home Sale, and Home Sale Incentive Program

A Marketing Assistance Program is available to assist in the sale of your current primary residence. Also, through the Home Sale Program, we will offer you the opportunity for a third party purchase of your current primary residence if you are unable to sell your home within 90 days. Under this program, an interest-free equity bridge loan is available to assist in the purchase of your new residence. The seller's normal, non-recurring closing costs associated with the sale of your home (i.e., real estate commission, title expense, etc.) will be paid by Amgen through this program. You are also eligible for the Home Sale Incentive Program which is designed to reward you for helping expedite the sale of your home. For additional information, and to initiate the program contact Gail Thomas. (805) 447-0397. You must contact her before taking any action to sell your home.

Additionally, should you close escrow on the purchase of a home in the Thousand Oaks area prior to the sale of your current residence, Amgen will reimburse up to 3 months of your current mortgage payment and other reasonable related costs (i.e., utilities, prorated taxes, insurance, etc.).

House Hunting Trip

Amgen will reimburse you for your out of pocket expenses in connection with your house hunting efforts. You should call Dollie Grajczak at 805-447-6110 in Amgen's Corporate Travel Dept. for assistance with your travel plans. You will receive reimbursement upon presenting trip receipts (in the form of the airline tickets or hotel bill associated with this trip) to our Relocation Manager.

Temporary Living Expenses

Temporary living lodging expense will be covered for up to one year in Amgen leased lodging units. Since Amgen has contracted for these temporary lodging

accommodations, there is no need to make arrangements on your own. The Relocation Coordinator will assist in making these lodging arrangements for you. Amgen will also determine a per diem allowance, to be paid to you as a lump sum for food, telephone and miscellaneous expenses you may incur during your temporary living period.

One-Way Travel Expenses

Amgen will reimburse one-way travel expenses for you and your household members to take residence in the Thousand Oaks area. If Amgen has arranged for your car to be moved by a moving company, Amgen will also pay for rental of one automobile, for up to 14 days. You should contact Dollie Grajczak at 805-447-6110 in Amgen's Corporate Travel Dept. to make your travel reservations.

Moving Household Goods

Amgen will arrange for packing, moving, and unpacking of normal household possessions, including up to two automobiles. Amgen will also pay for up to 365 days of storage of household goods, if necessary. Amgen will initiate contact with moving companies and will handle all details with the company assigned to your move.

3-2-1 Mortgage Subsidy Program

To assist you in the purchase of your new home in the Thousand Oaks area, Amgen will provide you the option of a temporary mortgage subsidy program. To participate in this program, you must obtain your first loan through one of the approved lenders with which Amgen has entered into a subsidy agreement.

Through this program, Amgen will subsidize your mortgage as follows: 3 points the first 12 months, 2 points the second 12 months and 1 point the third 12 months. The payment of the mortgage subsidy will be handled between Amgen and the Mortgage Lender.

Also, you will be reimbursed for Mortgage Loan Origination Fees, in an amount not to exceed one percent (1%) of the principal balance. An additional Six Hundred Fifty Dollars (\$650.00) is granted for other Lender's Fees. These fees include, but are not limited to, fees for the appraisal, credit report, tax service fees, processing fees, flood zone determination fees, underwriting fees, warehouse fees, rate lock-in fees, broker fees, lender document preparation fees, commitment fees, lender courier fees, escrow waiver fees, and loan review fees. You will also be reimbursed for the customary non-recurring buyer's closing costs for Escrow and/or Title fees and home inspection.

You will be required to sign an Employee Subsidy Agreement that will detail the terms of the program.

If you choose not to or are unable to utilize the 3-2-1 Mortgage Subsidy Program, you will be eligible for reimbursement of up to three points (3%) of the mortgage amount for

loan origination or discount expense. You will also receive reimbursement of the buyer's normal, non-recurring closing costs associated with the purchase of a home in the "local area".

Please note that you are not required to obtain your first loan through an approved lender unless you intend to participate in the 3-2-1 Mortgage Subsidy Program

For more information or to begin the process, please call your Relocation Specialist.

Adjustable Rate Secured Loan -----

To aid in the purchase of a home in the Thousand Oaks area, Amgen is prepared to offer you a five year, adjustable rate loan for up to \$1,000,000 which will be secured by a second mortgage on your new home. However, you will be expected to provide a minimum down payment investment of at least 5% of the purchase price from your own funds or other sources which are not secured by this home.

The loan will be funded prior to close of escrow at a date to be determined solely by Amgen. This loan will not be funded prior to you beginning your employment at Amgen.

The 2001 rate on the loan is 5.0%. The rate is adjusted January 1st of each year based on the average "Introduction Rates" on adjustable loans as offered by California banks and savings & loans. The most the rate will change each year is 1% with a cap of 3% over the life of the initial loan. You will be required to make semi-monthly interest only payments by payroll deduction.

Principal and accrued interest on the loan will be due and payable upon the earlier of the 5th anniversary of the loan date or 90 days after your employment with Amgen terminates for any reason. You may prepay interest or principal on the loan at any time.

Tax Gross-up Assistance -----

Amgen will provide for tax assistance (gross-up) for the non-deductible portion of those reimbursed relocation expenses described in this Attachment 2 and which are considered as ordinary income for state or federal income tax purposes.

Duration of Relocation -----

This relocation expense coverage is intended to assist you in getting established in your new residence in the Thousand Oaks area as quickly as possible. Therefore, it is required that all relocation assistance provided for in this attachment and all expense reimbursements for this assistance be completed within one year from your date of hire in your new location.

ATTACHMENT 3

Non-Qualified Deferred Compensation

1. Establishment of DCA. In order to replace certain compensation and benefits

you will not receive from your prior employer and in order to provide you with supplemental retirement benefits and to provide you with an incentive to continue your employment with Amgen, Amgen will establish a non-qualified deferred compensation account for your benefit (the "DCA") to which Amgen shall credit amounts of deferred compensation and which shall be payable to you as set forth below.

2. Crediting of Compensation on January 19, 2006. If you are actively employed

by Amgen on January 19, 2006 (the "Crediting Date"), Amgen shall credit the DCA with \$15,000,000 (the "DCA Amount").

3. Termination of Employment before January 19, 2006. In the event that your

active employment with Amgen is terminated before the Crediting Date for any reason, no credits will be made to the DCA and you will not be paid any portion of the DCA, except as set forth below.

A. If your employment is terminated by Amgen without Cause before the Crediting Date, between January 2 and January 31 of the year following the year in which your employment terminates, Amgen shall pay you a prorated portion of the DCA Amount (the "Prorated DCA Amount") based upon the ratio of (x) the number of full months of your active employment with Amgen and (y) 60 months, provided, however, that if such a termination of employment occurs within 2 years after a Change of Control of Amgen, as defined in the COC Plan, you shall be paid (i) the Prorated DCA Amount plus (ii) an amount equal to the DCA Amount

minus the sum of (x) the Prorated DCA Amount and (y) an amount equal to the aggregate spread between the exercise prices of your unvested Amgen stock options which are in the money and the vesting of which is accelerated by the Change of Control and the NASDAQ closing price of Amgen stock, with such spread being determined as of the date of the Change of Control. For example, if Amgen

were to terminate your employment without Cause on August 22, 2003, you would be paid \$7,750,000 ($\$15,000,000 \times 31/60$). If, however, such a termination were to occur within 2 years after a Change of Control of Amgen and on the date of the Change of Control you hold unvested options for 100,000 shares of Amgen stock and if each of such options has an exercise price of \$80 and the NASDAQ closing price of Amgen stock on the date of the Change of Control were \$120, you would be paid \$11,000,000 ($\$7,750,000 + (\$15,000,000 - \$7,750,000 - ((\$120 - \$80) \times 100,000))$). No interest shall be credited to any such payments.

B. If your employment is terminated by reason of your "Permanent and Total Disability," as defined below, before the Crediting Date, on the second anniversary of the date upon which you last complete one week of active employment with Amgen, Amgen shall pay you a pro rata portion of the DCA Amount based upon the ratio of (x) the sum of the number of full months of your active employment with Amgen plus 24 months and (y) 80 months. No interest shall be credited on any such payment. For the purposes of

this provision only, you shall have incurred a "Permanent and Total Disability" when such a disability has been certified by the Social Security Administration prior to the date of termination.

4. Crediting of Interest to DCA. No interest shall be credited to the DCA

prior to the Crediting Date, in any event. However, if you are actively employed by Amgen on the Crediting Date, from and after the Crediting Date Amgen shall credit the DCA with interest as set forth below.

A. If you continue to be actively employed by Amgen until January 19, 2011, the date upon which you will complete ten years of active employment with Amgen (your "normal retirement date," or "NRD"), Amgen shall credit interest annually on the DCA at a rate equal to 125% of the 10-year moving average yield on 10-year U.S. Treasury notes, adjusted annually and compounded annually, from the Crediting Date until the date upon which the DCA and accrued interest is distributed to you. In the event that you elect to receive your distribution in installments, as provided below, interest will be credited on the declining balance of the DCA until it is finally distributed.

B. If your employment with Amgen is terminated for any reason before your NRD, Amgen shall credit interest on the DCA at a rate equal to 100% of the 10-year moving average yield on 10-year U.S. Treasury notes, adjusted annually and compounded annually, from the Crediting Date until the date upon which the DCA, and accrued interest is distributed to you

5. Distributions from DCA. If you are actively employed by Amgen on the

Crediting Date, from and after the Crediting Date, Amgen shall make distributions from the DCA as set forth below.

A. If your employment with Amgen is terminated for any reason before your NRD, the amount credited to your DCA, plus interest credited to the date of termination, shall be distributed to you in a lump sum between January 2 and January 31 of the year following the year in which your employment terminates.

B. If your employment with Amgen is terminated for any reason on or after your NRD, the amount credited to your DCA shall be distributed to you in a lump sum between January 2 and January 31 of the year following the year in which your employment terminates, unless you elect to be paid in ten or less substantially equal annual installments, beginning between January 2 and January 31 of the year following the year in which your employment terminates. You must make any election to receive your payments in annual installments at least 13 months prior to the date upon which your employment terminates.

C. In the event of your death, any unpaid amounts with respect to the DCA shall be paid to your named beneficiaries in a lump sum, or your estate if you do not designate any beneficiaries, between January 2 and January 31 of the year following the year of your death.

6. Unfunded Unsecured Promise. Amgen's obligation hereunder shall be merely

that of an unfunded and unsecured promise of Amgen to pay money in the future and you shall have no greater rights than those of Amgen's unsecured general creditors. However, Amgen shall have the right to fund its obligations hereunder through the purchase of assets, including possibly insurance on your life. If Amgen elects to fund its obligations hereunder, you agree to cooperate with Amgen in doing so. Amgen shall also have the right to establish a deferred compensation plan to discharge its obligations hereunder. Amgen will consult with you on the details of such plan; however, any such plan shall be finalized and adopted in Amgen's sole discretion. It is Amgen's intention that the DCA benefits be unfunded for purposes of the Internal Code and for purposes of Title I of ERISA.

PROMISSORY NOTE

\$1,000,000.00

1. Promise to Pay.

For value received, I, George J. Morrow ("Staff Member"), a married man, and I, Katherine D. Morrow, wife of Staff Member, promise to pay to the order of Amgen Inc., a Delaware corporation ("Payee"), at its office at One Amgen Center Drive, Thousand Oaks, CA 91320-1789, the sum of One Million Dollars and No Cents (\$1,000,000.00) (the "Principal"), payable in full on the earlier of five (5) years from date of execution of this Note or thirty (30) days from the date on which Staff Member ceases to be an employee of Payee, whichever first occurs, together with interest on the Principal from the date of this Note until such date as the Note is paid in full. Interest on this Note shall be computed as set forth below. The interest rate for the period from the date of this Note through December 31, 2001 (the "initial rate") is 5.00% per annum on the unpaid Principal. After December 31, 2001 the interest rate on this Note shall change as set forth below.

2. Adjustable Interest Rate.

The interest rate shall be adjusted annually on January 1 of each year (the "Change Date") so as to equal the average interest rate designated as the "Introduction Rates" on adjustable rate loans as publicly offered by the banks and savings and loans in California as published by the Los Angeles Times in its Sunday edition. The rate shall be set using the rates published in the Los Angeles Times on the Sunday immediately preceding the Change Date. In the event that the "Introduction Rates" list is not published in the Los Angeles Times for any reason, then, in such event, the Payee shall establish the interest rate based on a survey by it of the introductory interest rates on adjustable loans offered by no fewer than five banking institutions located in Southern California that the Payee, in its sole discretion, deems representative of banking institutions in the Ventura and Los Angeles County areas. Payee shall give Staff Member notice if the interest rate shall be determined using this alternative method. Notwithstanding the foregoing, the interest rate shall never be increased or decreased on any single Change Date by more than one percentage point from the interest rate for the preceding 12 months. At no time during the term of this Note shall the annual interest rate exceed 8.00% per annum.

Payee shall deliver or mail to Staff Member a notice of any changes in the adjustable interest rate on this Note and the amount of the Staff Member's semi-monthly payroll deductions before the effective date of any change. The notice shall include information required by law to be given to Staff Member and also the title and telephone number of a person who shall answer any questions Staff Member may have regarding the notice.

3. Salary Deduction.

The interest on this Note shall be payable by semi-monthly deductions from Staff Member's salary. The amount of such deductions shall initially be Two Thousand Eighty-Three Dollars and Thirty-Three Cents (\$2,083.33) per installment; provided, however, that the manner of payment of this Note shall not be limited to deductions from Staff Member's salary. The amount of such deductions shall be adjusted annually concurrently with any adjustment in the interest rate on this Note to ensure that interest to be incurred during the ensuing calendar year shall be paid in twenty-four (24) equal payments. The first such installment shall be on 04/15/01; the second installment shall be on 04/30/01; and each successive installment shall be on the fifteenth and last days of each successive month until the Principal is repaid. Payee shall give Staff Member at least seven (7) days advance notice of any adjustment in the amount of said payroll deductions. Staff Member acknowledges and agrees that by executing this Note, Staff Member agrees to the payroll deductions described in this Note.

4. Option to Convert.

At the end of the term of this Note, Staff Member shall have the option to seek to convert this loan to a loan amortized over an additional five-year period by executing a new Promissory Note at terms to be mutually agreed upon by Staff Member and Payee. In the event that Staff Member and Payee are unable to reach agreement on such terms, this Note shall become immediately due and payable.

5. Prepayment.

Staff Member may prepay without penalty this Note in whole or in part at any time. Any and all payments or prepayments under this Note may be made by Staff Member to Payee at the following address (or such other address as it designates in writing to Staff Member):

AMGEN INC.
One Amgen Center Drive
Thousand Oaks, California 91320-1789

Attention: Accounting Manager

6. Attorneys' Fees.

Staff Member agrees to pay all costs and expenses, including, without limitation, collection agency fees and expenses, reasonable attorneys' fees, costs of suit and costs of appeal, which Payee may incur in the exercise, preservation or enforcement of its right, powers and remedies hereunder, or under any documents or instruments securing this Note, or under law.

7. Modification of Terms.

Payee may, with or without notice to Staff Member, cause additional parties to be added to this Note, or release any party to this Note, or revise, extend, or renew the Note, or extend the time for making any installment provided for by this Note, or accept any installment in advance, all without affecting the liability of Staff Member. Staff Member may not assign or transfer in any manner whatsoever this Note or any of Staff Member's obligations under this Note.

8. Security Interest.

The purpose of this loan is to purchase a personal residence. Staff Member shall secure this loan by executing and causing to be filed, immediately upon close of escrow, a trust deed on this residence, commonly known as 5053 Royal Vista Court, Thousand Oaks, CA 91362 whose property description is as follows: Lot 86 of Tract No. 4256, in the City of Thousand Oaks, County of Ventura, State of California, as per map recorded in Book 111 Pages 42-63 of Maps in the office of the county recorder of said county. Except all oil, gas and other hydrocarbon substances lying within and under that portion of said land lying below a depth of 500 feet, measured vertically from the surface of said land, without however, any right to enter upon the surface of said land nor into that portion of the subsurface thereof lying above a depth of 500 feet, measured vertically from said surface.

9. Acceleration.

A) In the event Staff Member fails to pay when due any sums under this Note, then:

(1) the entire unpaid balance of this Note shall, at the option of the Payee hereof, immediately become due and payable in full and unpaid Principal thereafter shall bear interest at the lesser of the maximum rate permitted by law or at the rate of 8.00% per annum; and

(2) Staff Member authorizes Payee to deduct any sums due to Payee under this Note from any monies, including any wages due, otherwise owing to Staff Member.

B) If Staff Member sells the residence which is purchased with the funds herein provided, this Note shall immediately become due and payable upon the sale of such residence.

10. Waiver of Rights by Staff Member.

Staff Member waives (1) presentment, demand, protest, notice of dishonor and/or protest and notice of non-payment; (2) the right, if any, to the benefit of, or to direct the application of, any security hypothecated to Payee until all indebtedness of Staff Member to Payee, however arising, has been paid; and (3) the right to require the Payee to proceed against any party to this Note, or to pursue any other remedy in Payee's power. Payee may proceed against Staff Member directly and independently of any other party to this Note, and the cessation of

the liability of any other party for any reason other than full payment, or any revision, renewal, extension, forbearance, change of rate of interest, or acceptance, release or substitution of security, or any impairment or suspension of Payee's remedies or rights against any other party, shall not in any way affect the liability of Staff Member.

11. Obligations of Persons Under this Note.

If more than one person signs this Note, each person is fully and personally obligated to keep all of the promises made in this Note, including the promise to pay the full amount owed. Any person who is a guarantor, surety, or endorser of this Note is also obligated to do these things. Any person who takes over these obligations, including the obligations of a guarantor, surety or endorser of this Note, is also obligated to keep all of the promises made in this Note. Payee may enforce its rights under this Note against each person individually or against all of the signatories to this Note. This means that any one of the signatories to this Note may be required to pay all of the amounts owed under this Note.

12. Governing Law.

This Note and the obligations under this Note of Staff Member or any other signatory to this Note shall be governed by and interpreted and determined in accordance with the laws of the State of California as applied to contracts between California residents entered into and to be performed entirely within said State.

IN WITNESS WHEREOF, the undersigned has/have executed and delivered this Note as of the 11th day of March, 2001.

---- -----

/s/ George J. Morrow

George J. Morrow

/s/ Katherine D. Morrow

Katherine D. Morrow

March 2, 2001

Dr. Roger M. Perlmutter, M.D., Ph.D.
138 Madrona Place East
Seattle, WA 98112

Dear Roger:

Amendment and Restatement of December 21, 2000 Letter

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The following is our letter agreement dated December 21, 2000, which has been restated to reflect our handwritten notations and oral agreements on a few points which were not reflected in the December 21, 2000 letter (the "Original Letter"). As so amended and restated, this letter supersedes the Original Letter and shall be effective as of January 8, 2001, the date upon which you became an employee of Amgen (your "Start Date"). There is no need for you to re-sign your Proprietary Information and Inventions Agreement and your Mutual Agreement to Arbitrate Claims which were attached as Attachment 1 to the Original Letter, which agreements you signed on December 27, 2000, because we have made no changes to those agreements. Accordingly, those agreements continue to be in full force and effect. However, the attached Attachment 2 has been revised and the attached Attachment 3 is new.

Amended and Restated Letter

- - - - -

I am pleased to offer you the position of Executive Vice President of Research and Development reporting to me. You will be based at our Thousand Oaks, California facility.

Base Salary and Annual Incentive

- - - - -

Your monthly salary will be \$54,167. In addition, you will be entitled to a \$750,000 bonus which will be paid within 30 days of your start date. As an Executive Vice President, you will be eligible to participate in Amgen's Management Incentive Plan (the "MIP") pursuant to the terms of the MIP. Your annual target incentive opportunity will be 70% of your base salary earnings during the year. Your performance against pre-established goals and Amgen's performance will determine your actual incentive each year. However, in order to ease your transition to a new company and a new area, Amgen will guarantee a minimum incentive payment of \$750,000 (payable in March 2002) for 2001 and \$750,000 (payable in March 2003) for 2002. You must be actively

employed by Amgen on December 31, 2001 and on December 31, 2002 to receive the guaranteed payments for 2001 and 2002, respectively.

Annual Retention Bonuses
- -----

On each of the first five one-year anniversaries of your Start Date, beginning on January 8, 2002, Amgen will pay you a retention bonus in the amount of \$200,000, provided that you are actively employed by Amgen on each such date. If you are not so employed on each such date, no portion of the bonus is considered earned or vested and no prorated payments will be made.

Stock Options
- -----

You will be granted an option to purchase 200,000 shares of Amgen's common stock at a price equal to 100% of the fair market value on your start date. This option shall be an incentive stock option to the extent permitted by law, with the balance being granted as a non-qualified stock option. This option shall be vested at a rate of 25% per year for four years, beginning one year from the date of grant, and the option will expire seven years from the date of grant.

In addition, you will also be eligible to receive additional stock options as part of Amgen's Periodic Stock Option Program (the "PSOP"). Grants under the PSOP are discretionary and are usually made in July of each year, as approved by Amgen's Compensation Committee. However, for 2001 and 2002, subject to approval by the Compensation Committee of Amgen's Board of Directors, Amgen will grant you an option to purchase 150,000 shares in each of these years. These options will be granted pursuant to, and in conformity with, the terms of the PSOP. These PSOP options will vest 20% per year for five years, beginning one year from the date of grant, and the options will expire seven years from the date of grant. You must be actively employed by Amgen on the PSOP grant date in each year to receive the PSOP grant for that year.

Non-Qualified Deferred Compensation
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Amgen will provide you with non-qualified deferred compensation benefits as set forth on Attachment 3, subject to all of the terms and conditions set forth therein.

Forfeited Compensation Replacement.
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In order to compensate you for certain compensation which you forfeited upon the termination of your employment with your prior employer, Amgen will award you 111,500 shares of restricted stock under Amgen's 1991 Equity Incentive Plan, in consideration of your payment of the \$.0001 per share par value of the restricted shares (the "Par Value Price"), in the aggregate amount of \$11.15. This grant will vest as follows, contingent upon your being actively employed with Amgen on each vesting date:

April 1, 2002	40,000 shares
April 1, 2003	23,750 shares

April 1, 2004	23,750 shares
April 1, 2005	24,000 shares

Upon the termination of your active employment with Amgen, any unvested shares of restricted stock may be repurchased by Amgen at their Par Value Price, except that upon termination of your employment due to your "Permanent and Total Disability," as defined below, or your death, then the vesting of the unvested shares of restricted stock will be accelerated so that all the restricted stock will be fully vested as of the date of termination. For the purposes of this provision and Attachment 3 only, you shall have incurred a "Permanent and Total Disability" when such a disability has been certified by the Social Security Administration prior to the date of termination. Amgen will hold the certificates representing any unvested shares of restricted stock until the shares vest, at which time Amgen will issue you a certificate representing the vested shares.

Termination

- - - - -

If, within the first five years of your employment with Amgen, either: (i) Amgen terminates your employment without Cause, as defined below, or (ii) you resign your employment due to a reduction of your duties or your base salary or annual target incentive opportunity under the MIP, then you will be entitled to three years of base salary and target incentive paid monthly and health care coverage unless coverage is obtained from another employer, but only if you sign a general release form furnished to you by Amgen. If you intend to resign your employment for reduction of duties or compensation, you must notify the Company in writing. If Amgen fails to cure or remedy your reason for resignation within thirty (30) days of its receipt of your notification and you still choose to resign, you must do so within fifteen (15) days of Amgen's failure to cure or remedy your reason. If you are also entitled to receive severance benefits under the Amgen Inc. Change of Control Severance Plan (the "COC Plan") on account of a termination covered by this provision, you will be paid the greater of the amount provided above or provided in the COC Plan, but not both amounts.

Solely for the purpose of this provision and Attachment 3, "Cause" means (i) your conviction of a felony, (ii) the engaging by you in conduct that constitutes willful gross neglect or willful gross misconduct in carrying out your duties to Amgen, resulting, in either case, in material economic harm to Amgen, unless you believed in good faith that such conduct was in, or not contrary to, the best interests of Amgen, (iii) your material breach of any of the terms of this letter agreement or the Proprietary Information and Inventions Agreement or (iv) your failure to follow any lawful directive of Amgen's Chief Executive Officer with respect to your employment. For purposes hereof, no act, or failure to act, on your part shall be deemed "willful" unless done, or omitted to be done, by you not in good faith.

Benefits

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You will also have the opportunity to participate in our comprehensive benefits program. Amgen's excellent health care plan currently includes medical, dental, and vision coverage for

you and your eligible dependents. Amgen currently pays the major expense for these programs while staff members share through payroll deductions. Please be advised that in order for you and your dependents to be eligible for Amgen's medical coverage you must:

1. Report to work at Amgen or another location to which you are required to travel and perform the regular duties of your employment.
2. Contact the Amgen Benefit Center at Fidelity, 1-877-999-7779, to enroll within 31 days of your hire date.
3. Meet all other eligibility requirements under the plan.

Amgen's Retirement & Savings 401(K) Plan provides an opportunity for staff members to save up to 15% of their pay on a tax deferred basis. (Maximum statutory individual limit for 2001 will be \$10,500). Amgen will also contribute to your 401(K) account to help you save for your future financial goals. The benefits, services and programs are summarized in the enclosed brochure called "Welcome to Amgen - Total Compensation and Benefits at Amgen." You will also be eligible for Amgen's Supplemental (401K) Retirement Plan (the "SRP").

Subject to your insurability at standard rates and continued employment with Amgen, until September 16, 2007 Amgen shall maintain and pay the premiums on a term life insurance policy in the amount of \$10,000,000 for your benefit.

You will also be entitled to senior executive physicals, financial counseling and tax preparation services at the same level as all other Amgen senior executives.

When you travel on Amgen business, you may travel first class, provided that you make arrangements for such travel with Amgen's designated travel agents and pursuant to Amgen's travel and business expense policies.

You will be responsible for paying all applicable income and employment taxes on your Amgen compensation and benefits and will be subject to all income and employment tax withholding, except as expressly provided otherwise with respect to certain relocation benefits described in Attachment 2.

Required Documents
- - - - -

Enclosed and included as part of this offer (Attachment 1) is information regarding Amgen's Proprietary Information and Inventions Agreement, the Immigration Reform & Control Act, and a packet of materials entitled "Arbitration of Disputes - Amgen Inc." which includes a Mutual Agreement to Arbitrate Claims. This offer is contingent upon your completing the items described in Attachment 1.

Relocation
- - - - -

Also enclosed and included, as part of this offer (Attachment 2), is information about the main points of the relocation assistance which Amgen will provide to you to relocate to the "local area." The brochures included describe each component in more detail.

Upon acceptance of this offer, please fill out the attached "Moving Forward...With Amgen" acceptance form and fax it to the Relocation Department at 805/447-1985 to initiate your relocation benefits. Gail Thomas will contact you as soon as possible to walk you through the process.

Employment At Will
- - - - -

By signing this letter, you understand and agree that your employment with Amgen is at-will. Therefore, your employment can terminate, with or without Cause, and with or without notice, at any time, at your option or Amgen's option, and Amgen can terminate or change all other terms and conditions of your employment, with or without Cause, and with or without notice, at any time. This at-will relationship will remain in effect throughout your employment with Amgen Inc. or any of its subsidiaries, or affiliates. This letter constitutes the entire agreement, arrangement and understanding between you and Amgen on the nature and terms of your employment with Amgen. This letter supersedes any prior or contemporaneous agreement, arrangement or understanding on this subject matter. By executing this letter as provided below, you expressly acknowledge the termination of any such prior agreement, arrangement or understanding. Also, by your execution of this letter, you affirm that no one has made any written or verbal statement that contradicts the provisions of this letter. The at-will nature of your employment, as set forth in this paragraph, can be modified only by a written agreement signed by both Amgen's Chief Executive Officer and you which expressly alters it. This at-will relationship may not be modified by any oral or implied agreement, or by any Company policies, practices or patterns of conduct.

We are enthusiastic about the contribution you can make, and we believe that Amgen can provide you with attractive opportunities for personal achievement and growth. Please retain the original offer letter for your records. If you have any questions regarding this offer, please contact John Hillins at (805) 447 - 7456.

Sincerely,

/s/ Kevin Sharer

Kevin Sharer

/s/ Roger M. Perlmutter	3/05/01
- - - - -	
Signature of Acceptance	Date
Enclosures	

ATTACHMENT 2

Page 1

Relocation Assistance Coverage

All relocation expense coverage to be provided as a part of your Amgen employment offer is outlined in this attachment. This relocation expense coverage is designed to offset most of the cost of your relocation. However, as a new staff member, it is expected that you will make every effort to reduce or eliminate relocation expense wherever possible.

Please Note: Upon acceptance of this offer, please fill out the attached "Moving Forward...With Amgen" acceptance form and fax it to the Relocation Department at 805/447-1985 to initiate your relocation benefits. Gail Thomas, our relocation manager, will contact you as soon as possible to walk you through the process.

Marketing Assistance, Home Sale, and Home Sale Incentive Program

A Marketing Assistance Program is available to assist in the sale of your current primary residence. Also, through the Home Sale Program, we will offer you the opportunity for a third party purchase of your current primary residence if you are unable to sell your home within 90 days. Under this program, an interest-free equity bridge loan is available to assist in the purchase of your new residence. The seller's normal, non-recurring closing costs associated with the sale of your home (i.e., real estate commission, title expense, etc.) will be paid by Amgen through this program. You are also eligible for the Home Sale Incentive Program which is designed to reward you for helping expedite the sale of your home. For additional information, and to initiate the program contact Gail Thomas. (805) 447-0397. You must contact her before taking any action to sell your

home.

Additionally, should you close escrow on the purchase of a home in the Thousand Oaks area prior to the sale of your current residence, Amgen will reimburse up to 3 months of your current mortgage payment and other reasonable related costs (i.e., utilities, prorated taxes, insurance, etc.).

House Hunting Trip

Amgen will reimburse you for your out of pocket expenses in connection with your house hunting efforts. You should call Dollie Grajczak at 805-447-6110 in Amgen's Corporate Travel Dept. for assistance with your travel plans. You will receive reimbursement upon presenting trip receipts (in the form of the airline tickets or hotel bill associated with this trip) to our Relocation Manager.

Temporary Living Expenses

Temporary living lodging expense will be covered for up to one year in Amgen leased lodging units. Since Amgen has contracted for these temporary lodging accommodations, there is no need to make arrangements on your own. The Relocation Coordinator will assist in making these lodging arrangements for you. Amgen will also determine a per diem allowance, to be paid to you as a lump sum for food, telephone and miscellaneous expenses you may incur during your temporary living period.

One-Way Travel Expenses

Amgen will reimburse one-way travel expenses for you and your household members to take residence in the Thousand Oaks area. If Amgen has arranged for your car to be moved by a moving company, Amgen will also pay for rental of one automobile, for up to 14 days. You should contact Dollie Grajczak at 805-447-6110 in Amgen's Corporate Travel Dept. to make your travel reservations.

Moving Household Goods

Amgen will arrange for packing, moving, and unpacking of normal household possessions, including up to two automobiles. Amgen will also pay for up to 365 days of storage of household goods, if necessary. Amgen will initiate contact with moving companies and will handle all details with the company assigned to your move.

3-2-1 Mortgage Subsidy Program

To assist you in the purchase of your new home in the Thousand Oaks area, Amgen will provide you the option of a temporary mortgage subsidy program. To participate in this program, you must obtain your first loan through one of the approved lenders with which Amgen has entered into a subsidy agreement.

Through this program, Amgen will subsidize your mortgage as follows: 3 points the first 12 months, 2 points the second 12 months and 1 point the third 12 months. The payment of the mortgage subsidy will be handled between Amgen and the Mortgage Lender.

Also, you will be reimbursed for Mortgage Loan Origination Fees, in an amount not to exceed one percent (1%) of the principal balance. An additional Six Hundred Fifty Dollars (\$650.00) is granted for other Lender's Fees. These fees include, but are not limited to, fees for the appraisal, credit report, tax service fees, processing fees, flood zone determination fees, underwriting fees, warehouse fees, rate lock-in fees, broker fees, lender document preparation fees, commitment fees, lender courier fees, escrow waiver fees, and loan review fees. You will also be reimbursed for the customary non-recurring buyer's closing costs for Escrow and/or Title fees and home inspection. You will be required to sign an Employee Subsidy Agreement that will detail the terms of the program.

Dr. Roger Perlmutter
March 2, 2001

If you choose not to or are unable to utilize the 3-2-1 Mortgage Subsidy Program, you will be eligible for reimbursement of up to three points (3%) of the mortgage amount for loan origination or discount expense. You will also receive reimbursement of the buyer's normal, non-recurring closing costs associated with the purchase of a home in the "local area".

Please note that you are not required to obtain your first loan through an approved lender unless you intend to participate in the 3-2-1 Mortgage Subsidy Program

For more information or to begin the process, please call your Relocation Specialist.

Adjustable Rate Secured Loan -----

To aid in the purchase of a home in the Thousand Oaks area, Amgen is prepared to offer you a five year, adjustable rate loan for up to \$1,000,000 which will be secured by a second mortgage on your new home. However, you will be expected to provide a minimum down payment investment of at least 5% of the purchase price from your own funds or other sources which are not secured by this home.

The loan will be funded prior to close of escrow at a date to be determined solely by Amgen. This loan will not be funded prior to you beginning your employment at Amgen.

The 2001 rate on the loan is 5.0%. The rate is adjusted January 1st of each year based on the average "Introduction Rates" on adjustable loans as offered by California banks and savings & loans. The most the rate will change each year is 1% with a cap of 3% over the life of the initial loan. You will be required to make semi-monthly interest only payments by payroll deduction.

Principal and accrued interest on the loan will be due and payable upon the earlier of the 5th anniversary of the loan date or 90 days after your employment with Amgen terminates for any reason. You may prepay interest or principal on the loan at any time.

Tax Gross-up Assistance -----

Amgen will provide for tax assistance (gross-up) for the non-deductible portion of those reimbursed relocation expenses described in this Attachment 2 and which are considered as ordinary income for state or federal income tax purposes.

Duration of Relocation -----

This relocation expense coverage is intended to assist you in getting established in your new residence in the Thousand Oaks area as quickly as possible. Therefore, it is required that all relocation assistance provided for in this attachment and all expense

Dr. Roger Perlmutter
March 2, 2001

reimbursements for this assistance be completed within one year from your date of hire in your new location.

ATTACHMENT 3

Non-Qualified Deferred Compensation

1. Establishment of DCA. In order to replace certain compensation and benefits

you will not receive from your prior employer and in order to provide you with supplemental retirement benefits and to provide you with an incentive to continue your employment with Amgen, Amgen will establish a non-qualified deferred compensation account for your benefit (the "DCA") to which Amgen shall credit amounts of deferred compensation and which shall be payable to you as set forth below.

2. Crediting of Compensation on 55th Birthday. If you are actively employed by

Amgen on September 16, 2007, the date of your 55th birthday (the "Crediting Date"), Amgen shall credit the DCA with \$10,000,000 (the "DCA Amount").

3. Termination of Employment before 55th Birthday. In the event that your

active employment with Amgen is terminated before the Crediting Date for any reason, no credits will be made to the DCA and you will not be paid any portion of the DCA, except as set forth below.

A. If your employment is terminated by Amgen without Cause before the Crediting Date, between January 2 and January 31 of the year following the year in which your employment terminates, Amgen shall pay you a prorated portion of the DCA Amount (the "Prorated DCA Amount") based upon the ratio of (x) the number of full months of your active employment with Amgen and (y) 80 months, provided, however, that if such a termination of employment occurs within 2 years after a Change of Control of Amgen, as defined in the COC Plan, you shall be paid (i) the Prorated DCA Amount plus (ii) an amount equal to the DCA Amount

minus the sum of (x) the Prorated DCA Amount and (y) an amount equal to the aggregate spread between the exercise prices of your unvested Amgen stock options which are in the money and the vesting of which is accelerated by the Change of Control and the NASDAQ closing price of Amgen stock, with such spread being determined as of the date of the Change of Control. For example, if Amgen

were to terminate your employment without Cause on August 22, 2003, you would be paid \$3,875,000 (\$10,000,000 x 31/80). If, however, such a termination were to occur within 2 years after a Change of Control of Amgen and on the date of the Change of Control you hold unvested options for 100,000 shares of Amgen stock and if each of such options has an exercise price of \$80 and the NASDAQ closing price of Amgen stock on the date of the Change of Control were \$120, you would be paid \$6,000,000: (\$3,875,000 + (\$10,000,000 - \$3,875,000 - ((\$120 - \$80) x 100,000))). No interest shall be credited to any such payments.

B. If your employment is terminated by reason of your Permanent and Total Disability before the Crediting Date, on the second anniversary of the date upon which you last complete one week of active employment with Amgen, Amgen shall pay you a pro rata portion of the DCA Amount based upon the ratio of (x) the sum of the number of full months of your active employment with Amgen plus 24 months and (y) 80 months. No interest shall be credited on any such payment.

Dr. Roger Perlmutter
March 2, 2001

4. Crediting of Interest to DCA. No interest shall be credited to the DCA

prior to the Crediting Date, in any event. However, if you are actively employed by Amgen on the Crediting Date, from and after the Crediting Date Amgen shall credit the DCA with interest as set forth below.

A. If you continue to be actively employed by Amgen until January 7, 2011, the date upon which you will complete ten years of active employment with Amgen (your "normal retirement date," or "NRD"), Amgen shall credit interest annually on the DCA at a rate equal to 125% of the 10-year moving average yield on 10-year U.S. Treasury notes, adjusted annually and compounded annually, from the Crediting Date until the date upon which the DCA and accrued interest is distributed to you. In the event that you elect to receive your distribution in installments, as provided below, interest will be credited on the declining balance of the DCA until it is finally distributed.

B. If your employment with Amgen is terminated for any reason before your NRD, Amgen shall credit interest on the DCA at a rate equal to 100% of the 10-year moving average yield on 10-year U.S. Treasury notes, adjusted annually and compounded annually, from the Crediting Date until the date upon which the DCA, and accrued interest is distributed to you.

5. Distributions from DCA. If you are actively employed by Amgen on the

Crediting Date, from and after the Crediting Date, Amgen shall make distributions from the DCA as set forth below.

A. If your employment with Amgen is terminated for any reason before your NRD, the amount credited to your DCA, plus interest credited to the date of termination, shall be distributed to you in a lump sum between January 2 and January 31 of the year following the year in which your employment terminates.

B. If your employment with Amgen is terminated for any reason on or after your NRD, the amount credited to your DCA shall be distributed to you in a lump sum between January 2 and January 31 of the year following the year in which your employment terminates, unless you elect to be paid in ten or less substantially equal annual installments, beginning between January 2 and January 31 of the year following the year in which your employment terminates. You must make any election to receive your payments in annual installments at least 13 months prior to the date upon which your employment terminates.

C. In the event of your death, any unpaid amounts with respect to the DCA shall be paid to your named beneficiaries in a lump sum, or your estate if you do not designate any beneficiaries, between January 2 and January 31 of the year following the year of your death.

6. Unfunded Unsecured Promise. Amgen's obligation hereunder shall be merely

that of an unfunded and unsecured promise of Amgen to pay money in the future and you shall have no greater rights than those of Amgen's unsecured general creditors. However, Amgen shall have the right to fund its obligations hereunder through the purchase of assets, including possibly insurance on your life. If Amgen elects to fund its obligations hereunder, you agree to cooperate with Amgen in doing so. Amgen shall also have the right to establish a deferred compensation

Dr. Roger Perlmutter
March 2, 2001

plan to discharge its obligations hereunder. Amgen will consult with you on the details of such plan; however, any such plan shall be finalized and adopted in Amgen's sole discretion. It is Amgen's intention that the DCA benefits be unfunded for purposes of the Internal Code and for purposes of Title I of ERISA.

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.

Our product development efforts may not result in commercial products.

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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 U.S. Food and Drug Administration, did not approve our product candidate for an intended use
- . the product candidate was not economical for us to manufacture and commercialize
- . other companies or people have or may have proprietary rights to our product candidate, such as 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 of our product candidates have failed at various stages in the product development process, including Brain Derived Neurotrophic Factor (BDNF), Megakaryocyte Growth and Development Factor (MGDF) and Glial Cell-line Derived Neurotrophic Factor (GDNF). For example, in 1997, we announced the failure of BDNF for the treatment of amyotrophic lateral sclerosis, or Lou Gehrig's Disease, because the product candidate, when administered by injection, did not produce acceptable clinical results for a specific use after a phase 3 trial, even though BDNF had progressed successfully through preclinical and earlier clinical trials. In addition, in 1998, we discontinued development of MGDF, a novel platelet growth factor, at the phase 3 trial stage after several people in

platelet donation trials developed low platelet counts and neutralizing antibodies. In 1999 we discontinued development of GDNF after a phase 1/2 trial of GDNF in Parkinson's disease failed to demonstrate a statistically significant benefit. 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 intended 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 "- Our current products and products in development cannot be sold if we do not obtain and maintain regulatory approval."

Our current products and products in development cannot be sold if we do not

obtain and maintain regulatory approval.

We conduct research, preclinical testing and clinical trials and we manufacture our product candidates. We also manufacture, price, sell, distribute and market our products for their approved indications. These activities 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, as well as by foreign countries, including the European Union. 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. In our experience, obtaining regulatory approval is costly and takes many years, and after it is obtained, it remains costly to maintain. The FDA and other U.S. and foreign regulatory agencies have substantial discretion to terminate clinical trials, require additional testing, delay or withhold registration and marketing approval and mandate product withdrawals. EPOGEN(R) is currently approved in the U.S. and NEUPOGEN(R) is currently approved in the U.S., the EU and in some other foreign countries for specific uses. We currently manufacture and market EPOGEN(R) and NEUPOGEN(R) and we plan to manufacture and market many of our potential products. Even though we have obtained regulatory approval for EPOGEN(R) and NEUPOGEN(R), these products and our manufacturing processes are subject to continued review by the FDA and other regulatory authorities. In addition, later discovery of unknown problems with our products or manufacturing processes could result in restrictions on such products or manufacturing processes, including potential withdrawal of the products from the market. If regulatory authorities determine that we have violated regulations or if they restrict, suspend or revoke our prior approvals, they could prohibit us from manufacturing or selling EPOGEN(R) or NEUPOGEN(R) until we comply or indefinitely. In addition, if regulatory authorities determine that we have not

complied with regulations in the research and development of a product candidate, then they may not approve the product candidate and we will not be able to market and sell it. If we are unable to market and sell our products or product candidates, our business would be adversely affected.

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

Government agencies promulgate regulations and guidelines directly applicable to us and to our products. However, professional societies, practice management groups, private health/science foundations and organizations involved in various diseases from time to time may also publish guidelines or recommendations to the health care and patient communities. 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. Organizations like these have in the past made recommendations about our products. Recommendations or guidelines that are followed by patients and health care providers could result in decreased use of our products. In addition, the perception by the investment community or stockholders that recommendations or guidelines will result in decreased use of our products could adversely affect prevailing market prices for our common stock.

Our sales depend on payment and reimbursement from third party payors, and a reduction in the payment rate or reimbursement could result in decreased use or sales of our products.

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, under programs such as Medicare and Medicaid 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 could 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 adversely impact product sales. Further, when a new therapeutic product is approved, the availability of governmental and/or private reimbursement for that product is uncertain, as is the amount for which that product will be reimbursed. We cannot predict the availability or amount of reimbursement for our product candidates, including those at a late stage of development, and current reimbursement policies for existing products may change at any time. For example, we believe that sales of ARANESP(TM) will be affected by government and private payor reimbursement policies.

If reimbursement for EPOGEN(R) and NEUPOGEN(R) changes adversely or if we fail to obtain adequate reimbursement for our future products, health care providers may limit how much or under what circumstances they will administer them, which could reduce the

use of our products or cause us to reduce the price of our products. This 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. In early 1997, HCFA instituted a reimbursement change for EPOGEN(R) which adversely affected Amgen's EPOGEN(R) sales, until the policies were revised. Therefore, as in the past, EPOGEN(R) sales could be adversely affected by future changes in reimbursement rates or the basis for reimbursement by the federal government for the end stage renal disease program.

If our intellectual property positions are challenged, invalidated or

circumvented, or if we fail to prevail in present and future intellectual

property litigation, our business could be adversely affected.

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. Third parties may challenge, invalidate or circumvent our patents and patent applications relating to our products, product candidates and technologies. In addition, our patent positions might not protect us against competitors with similar products or technologies because competing products or technologies may not infringe our patents. For certain of our product candidates, there are third parties who have patents or pending patents that they may claim prevent us from commercializing these product candidates in certain territories. Patent disputes are frequent, costly and can preclude commercialization of products. We are currently, and in the future may be, involved in patent litigation. For example, we are involved in ongoing patent infringement lawsuits against Transkaryotic Therapies, Inc. and Aventis S.A. with respect to our erythropoietin patents. The trial court decided in our favor on January 19, 2001, however, Transkaryotic Therapies, Inc. and Aventis S.A. have appealed the decision. If we ultimately lose these or other litigations we could be subject to competition and/or significant liabilities, we could be required to enter into third party licenses for the infringed product or technology, or we could be required to cease using the technology or product in dispute. In addition, we cannot guarantee that such licenses will be available on terms acceptable to us.

Our success depends in part on our ability to obtain and defend patent rights and other intellectual property rights that are important to the commercialization of our products and product candidates. We have filed applications for a number of patents and have been granted patents relating to erythropoietin, recombinant G-CSF and our other products and potential products. We market our erythropoietin and G-CSF products as EPOGEN(R) and NEUPOGEN(R), respectively. In the United States, we have been issued several patents relating to erythropoietin that generally cover DNA and host cells, processes for making erythropoietin, various product claims to erythropoietin, cells that make levels

of erythropoietin and pharmaceutical compositions of erythropoietin. We have also been issued U.S. patents relating to G-CSF that cover aspects of DNAs, vectors, cells, processes, polypeptides, methods of treatment using G-CSF polypeptides, methods of enhancing bone marrow transplantation and treating burn wounds, methods for recombinant production of G-CSF and analogs of G-CSF. We also have a patent in the EU relating to erythropoietin and a patent in the EU relating to G-CSF, and two patents in the EU relating to darbepoetin alfa and hyperglycosylated erythropoietic proteins.

We face substantial competition, and others may discover, develop, acquire or -----
commercialize products before or more successfully than we do.

We operate in a highly competitive environment. Our products compete with other products or treatments for diseases for which our products may be indicated. For example, although we maintain a substantial share of the chemotherapy induced neutropenia market, NEUPOGEN(R) competes against a product marketed by Immunex Corporation. EPOGEN(R) faces competition from other treatments for anemia in end stage renal disease patients in the U.S. Further, we believe that some of our late stage product candidates may face competition when they are approved and marketed. For example, ARANESP(TM) will compete with an epoetin alfa product marketed by Johnson & Johnson in certain anemia markets and anakinra could compete with rheumatoid arthritis products marketed by Immunex, Centocor Inc./Johnson & Johnson and others. Additionally, some of our competitors, including biotechnology and pharmaceutical companies, market products or are actively engaged in research and development in areas where we are developing product candidates. Large pharmaceutical corporations may 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. These resources may make it difficult for us to compete with them to successfully discover, develop and market new products.

Our operating results may fluctuate, and this fluctuation could cause financial -----
results to be below expectations.

Our operating results may fluctuate from period to period for a number of reasons. In budgeting our operating expenses, we assume that revenues will continue to grow; however, some of our operating expenses are fixed in the short term. Because of this, even a relatively small revenue shortfall may cause a period's results to be below our expectations or projections. A revenue shortfall could arise from any number of factors, some of which we cannot control. For example, we may face:

- . lower than expected demand for our products
- . changes in the government's or private payors' 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 these, we would only have control over changes in our product pricing strategies and, of course, there may be other factors that affect our revenues in any given period.

We plan to grow rapidly, and if we fail to adequately manage that growth our business could be adversely impacted.

We have an aggressive growth plan that includes substantial and increasing investments in research and development, sales and marketing and facilities. Our plan has a number of risks, some of which we cannot control. For example:

- . we may need to generate higher revenues to cover a higher level of operating expenses, and our ability to do so may depend on factors that we do not control
- . we may need to attract and assimilate a large number of new employees
- . we may need to manage complexities associated with a larger and faster growing organization
- . we will need to accurately anticipate demand for the products we manufacture and maintain adequate manufacturing capacity, and our ability to do so may depend on factors that we do not control

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

Our stock price is volatile, which could adversely affect your investment.

Our stock price, like that of other biotechnology companies, is highly volatile. For example, in the fifty-two weeks prior to May 2, 2001, the trading price of our common stock has ranged from a high of \$80.4375 per share to a low of \$45.4375 per share. Our stock price may be affected by such factors as:

- . clinical trial results
- . 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

. 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.